

KSL AND INDUSTRIES LIMITED

ANNUAL REPORT 2010-2011

BOARD OF DIRECTORS

Shri Saurabh Kumar Tayal – Chairman
Shri Ajay Ramesh Gupta – Managing Director
Shri Mahesh Prasad Mehrotra
Shri Kailash Nath Bhandari
Ms. Mrinal Tayal
Shri Rajshekhar S. Ganiger
Shri Farindra Bihari Rai

COMPANY SECRETARY

Shri Mohd Shakeel Kayamkhani

BANKERS

Allahabad Bank, Andhra Bank,
Indian Overseas Bank, UCO Bank,
Dena Bank, Bank of India,
Syndicate Bank,
Oriental Bank of Commerce,

AUDITORS

A. F. Khasgiwala & Co.
Chartered Accountants

REGISTERED OFFICE

Plot No.69, Dhanu Udyog Industrial Area,
Piperia, Silvassa (Union Territory)-396 230

CORPORATE OFFICE

Raghuvanshi Mills Compound,
11/12, Senapati Bapat Marg,
Lower Parel (West),
Mumbai- 400 013

REGISTRAR & TRANSFER AGENT

Bigshare Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (East), Mumbai – 400 072.

PLANTS

Kalameshvar, Nagpur (Maharashtra)
Dombivali, Dist. Thane (Maharashtra)
Wada, Dist. Thane (Maharashtra)
Silvassa (U.T.)

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ANNUAL GENERAL MEETING on Saturday 9th July 2011, at 12:30 p.m.,
at 65, Krishna Nagar, Samarvani, Silvassa, (Union Territory).

KSL AND INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the 29th Annual General Meeting of the Members of **KSL AND INDUSTRIES LIMITED** will be held on *Saturday, 09th July, 2011* at 65, Krishna Nagar, Samarvani, Silvassa, (Union Territory) at 12.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet for the year ended 31st March, 2011 and Profit and Loss Account as on that date together with Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Ms. Mrinal Tayal, who retires by rotation, and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. Rajshekhar Shankar Ganiger, who retires by rotation, and being eligible, offers himself for re-appointment
4. To re-appoint M/s. A. F. Khasgiwala & Co., Chartered Accountants, as Auditor of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix the Auditor's remuneration.

"RESOLVED THAT M/s A.F. Khasgiwala. & Co, Chartered Accountant be and is hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri Kailash Nath Bhandari, who was appointed by the Board as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 on 16th October, 2010 and whose tenure of Office comes to an end at this Annual General Meeting, be and is hereby appointed as Director of the Company who shall be liable to retire by rotation."

NOTES:

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business is annexed hereto under item No. 5 and forms an integral part of this Notice.
2. **A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON (WHETHER A SHAREHOLDER OR NOT) AS HIS/HER PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING AND SHALL BE ENTITLED TO VOTE ONLY UPON A POLL.**
3. The instrument(s) appointing the Proxy, if any, shall be delivered at the Registered Office of the Company not less than forty eight (48) hours before the commencement of the Meeting and the instrument of proxy shall be treated as invalid in case of default.
4. The Register of Members and Share Transfer Register of the Company will remain closed from Thursday, 7th July, 2011 to Saturday, 9th July, 2011 (both days inclusive) to comply with Annual Book Closure requirements.
5. All documents and agreements referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except holidays, between 10.00 A.M. and 1.00 P.M., up to the date of Annual General Meeting.
6. Members desiring any information on the Annual Accounts of the Company for the year ended 31st March, 2011 are requested to write to the Company at its Administrative Office Address at least 7 days in advance of the Annual General Meeting, so as to enable the Management to keep the information ready at the meeting.
7. **Green Initiative in the Corporate Governance:** The Government of India-Ministry of Corporate Affairs has, vide the Circular No. 17/2011 dated 21st April, 2011, allowed service of documents to the shareholders in the electronic mode. Thus, having regard to the said Circular read with the information Technology Act, 2000 and Section 53 of the Companies Act, 1956, the Company hereby requests the Members to register their E-mail Address (and any change therein from time to time) with Bigshare Services Private Limited, the Registrar and Share Transfer Agents of the Company. The Company proposes to sent the future correspondences in electronic form to the Members whose E-mail Address is registered with the Registrar and Share Transfer Agents of the Company. Any Member desiring to receive the said correspondences in the physical form should inform the Company.

For and on Behalf of the Board of Directors

Sd/-

Saurabh Kumar Tayal
Chairman

Place : Mumbai
Date : 28th April, 2011

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 5:

The Board of Director of the Company, at its meeting held on 16th October, 2010 appointed Shri Kailash Nath Bhandari as an additional director of the Company pursuant to provision of Section 260 of the Companies Act, 1956 ("the Act") read with Article 115 of the Article of Association of the Company.

In terms of the provision of the Section 260 of the Act, Shri Kailash Nath Bhandari would hold office till the conclusion of this Annual General Meeting.

The Company has received a notice in writing from a member alongwith deposit of Rs. 500/- for proposing the candidature of Shri Kailash Nath Bhandari for the office of Director of the Company under the provisions of section 257 of the Act.

Shri Kailash Nath Bhandari is not disqualified from being appointed as Director in terms of Section 274(1)(g) of the Act. The Company has received the requisite Form 'DD-A' from Shri Kailash Nath Bhandari, in terms of the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003, confirming his eligibility for such appointment.

Mr. Kailash Nath Bhandari is B.A. and LL.B. He has vast experience of administration in the field of Insurance sector. He is currently working as Chair Professor and Honorary Director of Centre for Insurance Studies & Research, National Law University and holds Directorship in various Companies.

It is proposed to seek Members' approval for the appointment of Shri Kailash Nath Bhandari as an Independent Director, in term of the applicable provisions of the Act. None of the Directors is interested in the Resolution.

For and on Behalf of the Board of Directors

Sd/-

**Saurabh Kumar Tayal
Chairman**

**Place : Mumbai
Date : 28th April, 2011**

KSL AND INDUSTRIES LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 29th Annual Report on the business and operations of your Company and the Audited Financial Statements for the Financial Year ended 31st March 2011.

FINANCIAL RESULTS

		(₹ in Lacs)
	2010-11	2009-10
Sales & Income from operation	131335.06	104569.96
Other Income	00.00	1104.49
Profit before Depreciation, Interest & Tax	18597.91	16842.43
Interest & Finance Charges	8578.24	7304.16
Depreciation	9948.98	9009.30
Profit before Tax	70.69	528.97
Provision for Tax & Deferred Tax Liability	412.28	128.70
Net Profit for the Year	(341.59)	400.27
Profit available for Appropriation	17632.04	17973.63
Surplus carried to Balance Sheet	17632.04	17973.63

DIVIDEND

In view of inadequacy of profit for the year under review, your Directors do not recommend dividend on the Equity Shares for the year under review.

REVIEW OF OPERATIONS

The Company has achieved Net Sales of Rs. 131335.06 Lacs during the Financial Year ended 31st March, 2011 as against Net Sales of Rs. 104569.96Lacs during the previous year ended 31st March, 2010. The Company incurred loss of Rs.341.59 during the financial year ended 31st March, 2011 as against profit of Rs 400.27 during previous year ended 31st March, 2010 due to higher interest outgo and higher Provision for Depreciation. The earnings per share works out to Rs. -0.34 on a paid up capital of Rs.4026.73.

SUBSIDIARY COMPANY

The Report and Accounts of the Subsidiary Companies are annexed to this Report along with the Statement pursuant to Section 212 of the Companies Act, 1956. However, in the context of the mandatory requirement to present consolidated accounts, which provides members with a consolidated position of the Company including its subsidiary, at the first instance, members are being provided with the Report and Accounts of the Company and the consolidated accounts treating these as abridged accounts as contemplated by Section 219 of the Companies Act, 1956. Members who wish to receive the full Report and Accounts including the Report and Accounts of the subsidiaries Companies will be provided with it upon receipt of a written request. This will help save considerable cost in connection with printing and mailing of the Report and Accounts.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of the Company, Ms. Mrinal Tayal & Mr. Rajshekhar hanker Ganiger, Directors of the Company are due for retirement by rotation at the forthcoming Annual General Meeting, and being eligible, have offered themselves for re-appointment.

The Board of Directors of the Company in its meeting held on 16th October, 2010 appointed Mr. Kailash Nath Bhandari as an Additional Director of the Company. Mr. Utpal Kumar Mukhopadhyay resigned as a Director of the Company w.e.f 16th October, 2010, Mr. Harinder Kumar resigned as a Director of the Company w.e.f. 16th October, 2010 and Dr. Pritam Singh Pritam resigned as a Director of the Company w. e.f. 22nd November, 2010.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000 the Directors' confirm that:

- (i) in the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- (ii) appropriate Accounting Policies have been selected and applied consistently, and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2011 and of the Profit of the Company for the year under review;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- (iv) the Annual Accounts have been prepared on a 'going concern' basis for the Financial year ended 31st March 2011.

AUDIT COMMITTEE

The composition of Audit Committee is as given in the Report on Corporate Governance.

SHAREHOLDERS' /INVESTOR GRIEVANCE COMMITTEE

The composition of Shareholders'/Investor Grievance Committee is as given in the Report on Corporate Governance.

REMUNERATION COMMITTEE

The composition of Remuneration Committee is given in the Report of Corporate Governance.

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report and Corporate Governance Report are made as a part of this Annual Report.

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A Certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated by Clause 49 of the Listing Agreement is attached to this report.

SAFETY, HEALTH AND ENVIRONMENT

Sustained and meticulous efforts continue to be exercised by the Company at all plants of the Company, towards greener production and environment conservation. The Company perseveres in its efforts to indoctrinate safe and environmentally accountable behavior in every employee, as well as vendors, by rigid compulsory annual training and refresher courses, as well as frequent awareness programs. Mock drills of emergency preparedness are regularly conducted at all the plants showing Company's commitment towards safety, not only of its own men and plants, but also of the society at large.

Safety records, at all plants showed considerable improvement and accident statistics showed downward trend. This was made possible by strict adherence to laid down procedures and following of international guidelines. Involvement of workers in all safety matters has been encouraged by their participation in shop floor safety meetings.

The health of employees and the environment in and around the Plant area have been given due care and attention. The Company continued to comply with the prescribed industrial safety environment protection and pollution control regulation at its production plant, through periodic checks of the system involved and constant monitoring to meet the standards set by the pollution control authorities etc. All the mills of the company are eco-friendly and do not generate any harmful effluents. They have facilities for captive power generation as a stand-by arrangement, to meet any contingency. Safety devices have been installed wherever necessary, although both the spinning and knitting activities are known to be quite safe and free from usual hazards of water and air pollution.

INDUSTRIAL REALATIONS & HUMAN RESOURCES MANAGEMENT

The Company recognizes that in a people-intensive business, major gains can be scored in the area productivity management. In view of this, the Company strengthened its people management through performance-linked incentives, amenities, training, multi-skilling and career path identification.

The Company is of firm belief that good Human Resource Management would ensure success though high performance. HR strategy and plans of the company are deeply embedded with the organizational goals. In order to enhance the manpower productivity the goal is set to increase the production capacity of the various plants and rationalize the manpower through scientific study. All the operational goals of the top management emanate from the business plan. The goals of CEO are shared with his subordinates who in turn share their goal with their respective subordinates and so on. Regular visits by HR team are being made to all plants to meet the employees and also interaction meetings are conducted to get their feed back, based on which HR policies are improved continuously. The process has resulted in better employee relationship.

The Company lays due emphasis on all round development of its human resource. Hence training of the employees is aimed at systemic development of knowledge, skills, aptitude and team work. Training is designed for the development of personal skills necessary for the performance of the present job and to prepare them for future growth. Individual development is given top priority to groom high caliber manpower.

CONVERSION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the Annexure forming part of this Report.

EMPLOYEES

None of the employees drew remuneration of Rs.60,00,000/- or more per annum Rs.5,00,000/- or more per month during the year under review. This information is furnished as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

FIXED DEPOSITS

The Company has not invited/received any Fixed Deposits from the Public during the year under review.

INSURANCE

The properties/assets of your Company are adequately insured.

COST AUDIT

The Central Government's Cost Audit Committee Order specifies audit of Cost Accounting Records for certain products of the company every year. The Board of Directors, subject to the approval of the Central Government, have appointed M/s J. K. Kabra & Co., Cost Accountants, as Cost Auditors to carry out this audit in respect of manufacture of textile products for the year ending 31st March 2011.

AUDITORS

M/s. A. F. Khasgiwala & Co., Chartered Accountants, Statutory Auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting and is eligible for reappointment. The Company has received a letter from M/s. A. F. Khasgiwala & Co. to the effect that their reappointment as Auditors, if made, would be within the limits under Section 224(1B) of the Companies Act, 1956.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation of the assistance and support extended by all Government Authorities, Financial Institutions, Banks, Consultants, Solicitors, and Shareholders of the Company. Your Directors express their appreciation for the dedicated and sincere services rendered by the employees of the Company.

For and on Behalf of the Board of Directors

Sd/-

**Saurabh Kumar Tayal
Chairman**

**Place : Mumbai
Date : 28th April, 2011**

KSL AND INDUSTRIES LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e), of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year 2010 – 11.

I. CONSERVATION OF ENERGY

a) Energy conservation measures taken :

The Company has been making concerted efforts for enhancement in capacity utilization, cost competitiveness and quality through systematic process monitoring and adherence to technological norms. Sophisticated instruments are used for regulation and adjustment as per parameters. Efforts are also made for upgradation of the quality of the Plant Operation. Utilities are being combined for effective energy conservation.

b) Additional Investments and Proposals being implemented for reduction of consumption of energy:

The Company, as a matter of policy, has a regular and ongoing program for investments in energy saving devices. Studies are being made to reduce energy consumption and make suitable investments in this area, if necessary.

c) Impact of the measures (a) & (b) above for reduction of energy consumption and consequential impact on the cost of production of goods:

The Company has economized considerably the cost of power despite steep hike in the tariffs and is constantly exploring avenues for cost saving as an on-going process.

d) TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM A OF THE RULES IN RESPECT OF INDUSTRIES SPECIFIED IN THE SCHEDULE THEREOF

	Year ended 31.03.2011	Year ended 31.03.2010
A. Power and Fuel Consumption in respect of :		
1. Electricity		
(a) Purchased		
1. Units (KWH in Lacs)	313.95	294.35
2. Total amount (Rs. in lacs)	1648.24	1462.92
3. Rate per unit (Rs./unit)	5.25	4.97
(b) Own Generation (Through Diesel Generator/Furnace Oil)		
1. Units (KWH in Lacs)	935.73	886.95
2. Units per litre of fuel	9.06	8.80
3. Cost per unit (Rs/unit)	7.01	6.82
2. Coal	—	—
3. Furnace Oil Others/Internal Generation	—	—
B. Consumption per unit of production (Product : Yarn & Fabric)		
1. Electricity (KWH/Tonne)	2406.68	2256.40
2. Coal (Kgs.)	—	—
3. Furnace Oil (Ltrs.)	—	—
4. Steam (Tonnes)	—	—

Note : Since the Company manufactures different qualities of fabrics/yarns with product-mix changing significantly, there are no specific norms for per unit of production.

II. TECHNOLOGY ABSORPTION

Efforts made in technology absorption in prescribed Form 'B':

1. Research and Development:

- | | |
|--|---|
| <p>a) Specified areas in which R & D activities are carried out by the Company.</p> <p>b) Benefits derived as a result of the above</p> <p>c) Future Plan of Action</p> <p>d) Expenditure on R & D</p> | <p>R & D activities are being carried out continuously to produce better quality of yarn and fabrics.</p> <p>As a result of R & D activities, the Company has been able to produce quality fabrics conforming to international standards.</p> <p>Efforts aimed at cost reduction, improvement in quality of products and development of new process will continue.</p> <p>Expenditure on R & D is being booked under the respective heads in the Profit & Loss Account as no separate account is maintained for this purpose.</p> |
|--|---|

2. Technology Absorption, Adoption and Innovation

The Company has not utilized any imported technology.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO :

- a) Activities relating to export markets for products and services and export plan
- The Company is exploring avenues to export its premium quality fabrics.

	Year ended 31.03.2011 (₹ in Lacs)	Year ended 31.03.2010 (₹ in Lacs)
b) Foreign Exchange Outgo (₹ in Lacs)	705.27	—
c) Foreign Exchange earned (₹ in Lacs)	—	—

For and on Behalf of the Board of Directors
Sd/-
Saurabh Kumar Tayal
Chairman

Place : Mumbai
Date : 28th April, 2011

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CORPORATE GOVERNANCE REPORT

Report on matters required to be stated on Corporate Governance pursuant to Clause 49 of the Listing Agreements is as under:

1. Company's Philosophy on Code of Governance

At **KSL AND INDUSTRIES LIMITED**, the concept of Corporate Governance does not mean only total transparency, integrity and accountability of the management team but also to maximize shareholder's value and protection of the interests of all the stakeholders. It includes the policies and procedures adopted by the Company in achieving its objective in relation to its shareholders, employees, customers, suppliers, regulatory authorities and society at large.

The Revised Clause 49 of Listing Agreement has introduced Code of Conduct for its Directors and Executives so that they remain accountable to the shareholders and other beneficiaries for their actions.

It is a recognized philosophy of the company that effective and good Corporate Governance is a must, not only in order to gain credibility and trust, but also as a part of strategic management for the survival, consolidation and growth.

2.1 Board of Directors

The Board of Directors consists of 7 Directors.

During the year 2010-11, the board met 4 times on the following dates namely 20th May, 2010, 04th August, 2010, 16th October 2010, and 5th February, 2011. There was no time gap of four months or more between any two meetings.

The following table gives details of Directors, attendance of Directors at the Board Meetings and last Annual General Meeting held on 10th July, 2010 as well as number of membership held by Directors in the Board / Committees of various Companies :-

Name	Category	Attendance Particulars		Number of other Directorships and Total Committee Member/Chairmanships		
		Board Meetings	Last AGM	Other Directorships In Indian Public Limited Companies	Committee Memberships	Committee Chairmanships
Shri Saurabh Kumar Tayal	NEC	4	Yes	9	8	2
Shri Ajay Ramesh Gupta	MD	4	Yes	7	1	4
Shri Farindra Bihari Rai	ID	3	No	7	2	3
Shri Rajshekhar Ganiger	ID	3	Yes	1	2	Nil
Ms. Mrinal Tayal	ID	4	No	4	NIL	NIL
Shri M. P. Mehrotra	ID	3	No	14	5	5
Shri Kailash Nath Bhandari#	ID	2	No	11	2	1
Shri P. S. Pritam*	ID	3	No	1	1	1
Shri Utpal Mukhopadhyay**	ID	NIL	No	—	—	—
Shri Harinder Kumar***	ID	NIL	No	—	—	—

* Resigned w.e.f. 22.11.2010 ** Resigned w.e.f. 16.10.2010 *** Resigned w.e.f. 16.10.2010 # Appointed as an Additional Director on 16.10.2010
 "NEC" = Non Executive Chairman, "MD" = Managing Director, "ID" = Independent Director

2.2 Appointment and Re-appointment of Directors

As required under Clause 49(VI) of the Listing Agreement the brief details of the directors seeking appointment/ re- appointment at the ensuing Annual General Meeting are furnished hereunder :-

Sl. No.	Name of Director	Brief Resume	Area of Expertise	Other Directorships	Other Committee Memberships	Other Committee Chairmanship
1.	Ms. Mrinal Tayal	MBA in Finance and having rich experience in the field of Finance and administration	Finance and Administration	4	NIL	NIL
2.	Shri Rajshekhar Ganiger	Deploma Textiles Texchnology	Textile Technology, & Administration	1	2	NIL
3.	Shri Kailash Nath Bhandari	B.A., L.L.B	Experience of administration in the field of Insurance sector	11	2	1

2.3 Non-Executive Directors Compensation Disclosures

Details of Sitting Fees paid to Non-Executive Directors of the Company during the year is as follows:

Name of Director	Attendance Particulars	
	Board Sitting fees (A)	Committee Sitting Fees (B)
Shri Rajshekhar S. Ganiger	30000	48000
Shri Farindra Bihari Rai	30000	48000
Shri Pritam Singh Pritam	30000	—
Shri Mahesh Prasad Mehrotra	30000	10000
Shri Kailash Nath Bhandari	20000	—
Ms. Mrinal Tayal	40000	—
Shri Saurabh Kumar Tayal	—	8000
Shri Harinder kumar	—	10000
	180000	124000
	Total (A+B)	3,04,000

KSL AND INDUSTRIES LIMITED

3. Board Committees

The requirement that a Director shall not be a member of more than 10 committees and Chairman of more than 5 committees has been complied with while constituting the Committees of Director.

3.1 Audit Committee

The Board of Directors of the Company has constituted an Audit Committee. The Audit Committee comprised of Shri Farindra Bihari Rai, Shri Mahesh Prasad Mehrotra, and Shri Rajshekhar Ganiger.

The constitution of Audit Committee meets with the requirements of Section 292A of the Companies Act, 1956 as introduced by the Companies (Amendment) Act, 2000.

The terms of reference specified by the Board to the Audit Committee are as contained under Clause 49 of the Listing Agreement. They are as follows:

- Oversight of the Company's financial reporting process and the disclosure of its financial information.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the Annual Financial Statements before submission to the Board, focusing primarily on (i) any changes in accounting policies and practices (ii) major accounting entries based on exercise of judgment by management (iii) qualifications in draft Audit Report (iv) significant adjustments arising out of audit (v) the going concern assumption (vi) compliance with Accounting Standards (vii) compliance with Stock Exchange and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit functions.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with external auditors before the audits commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- Reviewing the Company's various financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

During the year 2010-11, the Audit Committee met 4 times on the following dates namely 19th May 2010, 3rd August 2010, 15th October 2010 and 4th February 2011.

Name of Member	Designation	Attendance
Shri Farindra Bihari Rai	Chairman	4
Shri Rajshekhar S. Ganiger	Member	4
Shri Mahash Prasad Mehrotra@	Member	1
Mr. Harinder Kumar#	Chairman	1

@ Appointed as on 16th October, 2010 # Resigned as on 16th October, 2010

3.2 Remuneration Committee

A. Constitution and Meetings

The Board of Directors in their meeting held on 28th February 2006 has constituted a Remuneration Committee. The Remuneration Committee comprised of Shri Farindra Bihari Rai, Chairman, Shri Rajshekhar S. Ganiger, Member and Shri Harinder Kumar, Member. The Remuneration Committee is empowered to decide and recommend to the Board of Directors the Remuneration package (including basic salary, perquisites, commission on profit and other allowances) of managerial personnel in terms of section 269 and other applicable provisions read with Schedule XIII of the Companies Act, 1956.

B. Remuneration and Sitting Fees to Managing Director and Directors

Remuneration is paid to Managing Director as proposed by the Remuneration Committee and approved by the Board. Non-Executive Directors do not received any Remuneration or commission or any other consideration except the Sitting Fees as per their presentation in the Board Meetings and Committees Meetings.

Details of Remuneration to Managing Director

Name	Salary	Commission	Sitting Fees	Amount
Shri Ajay Gupta	Rs.6,00,000	Nil	Nil	Rs.6,00,000
Non-Executive Directors	Nil	Nil	Rs.3,04,000	Rs.3,04,000

C. Non Executive Directors of the Company do not have any pecuniary relationship with the Company other than Sitting Fees.

3.3 Shareholders'/ Investors' Grievance Committee

The Shareholders'/ Investors' Grievance Committee of the Company has been re-constituted in the meeting of the Board of Directors held on 24th July, 2009. The Committee now comprises of Shri Saurabh Kumar Tayal, Shri Farindra Bihari Rai and Shri Rajshekhar Ganiger as the Members of the Committee. Shri Saurabh Kumar Tayal is the Chairman of the Committee.

The Committee, inter alia, looks into redressing of shareholders'/investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of dividends etc. The Committee oversees the performance of the Company and recommends measures for overall improvement of the quality of investor services. The Board of Directors has delegated the power for approving transfer of securities to the Managing Director and Chairman of the Company.

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During the year 2010-11, the Shareholders/Investors Grievance Committee met 4 times on the following dates namely 19th May 2010, 3rd August 2010, 15th October 2010 and 4th February 2011.

Name of Member	Designation	Attendance
Shri Saurabh Kumar Tayal	Chairman	4
Shri Farindra Bihari Rai	Member	4
Shri Rajshekhar Ganiger	Member	4

Name & Designation of Compliance Officer : Mohd Shakeel Kayamkhani
(Company Secretary)

No of Shareholder's Complaint received so far : 7
Complaints solved to the satisfaction of shareholders : 7
Number of pending complaints : Nil

4. General Body Meetings

The last three Annual General Meetings of the Company were held as under :-

Year	Location	Date	Time
2009-10	65, Krishna Nagar, Samarvani, Silvassa (U.T.)	10th July, 2010	02.00 P.M.
2008-09	65, Krishna Nagar, Samarvani, Silvassa (U.T.)	31st July, 2009	11.30 A.M.
2007 – 08	65, Krishna Nagar, Samarvani, Silvassa (U.T.)	9th August, 2008	10.00 A.M.

5. Disclosures

(a) **Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors of the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large:**

None of the transactions with any of the related parties were in conflict with the interests of the Company.

(b) **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:**

There were no instances of non-compliance of any matter related to the capital markets during the last three years.

6. Means of Communication

(a) The Company has published its quarterly results in The Economic Times, LokSatta-Jansatta and Jaybharat Times Further, the Quarterly results and Quarterly shareholding patterns are also posted at EDIFAR website i.e. www.sebiedifar.nic.in.

(b) Management Discussion and Analysis forms integral part of this Annual Report.

7. General Shareholder Information

7.1 Annual General Meeting :

– Date and time : 09th July 2011 at 12.30 p.m.
– Venue : 65, Krishna Nagar, Samarvani,
Silvassa (Union Territory of Dadra & Nagar Haveli)

7.2 Financial Year

Financial Calendar 2011-12(tentative) : 1st April to 31st March
Annual General Meeting – (Next year) July 2012

Board Meetings

Results for the quarter ending June 30, 2011 : Second week of July, 2011
Results for the quarter ending September 30, 2011 : Second week of October, 2011
Results for the quarter ending December 31, 2012 : Second week of January, 2012
Results for the year ending March 31, 2012 : Second week of May, 2012

7.3 Book Closure date

: 7th July, 2011 to 9th July, 2011 (Both days Inclusive)

7.4 Dividend Payment Date

: N.A.

7.5 (a) Listing of Equity shares

: The Bombay Stock Exchange Ltd.

(b) Demat ISIN Numbers in NSDL /CDSL

: Equity Shares: INE219A01026

7.6 Stock Code

: 530149

(Note: Annual listing fees for the year 2011-12 have been duly paid to the Bombay Stock Exchange Limited)

KSL AND INDUSTRIES LIMITED

7.7 Stock Market Data

KSL and Industries Limited (at the Bombay Stock Exchange Ltd.)				
Month	High ₹	Low ₹	Close ₹	No. of Shares
April 2010	53.00	37.75	41.35	5,04,612
May 2010	43.00	36.00	37.95	2,67,517
June 2010	38.90	32.85	35.85	83,397
July 2010	39.00	34.35	35.25	88,687
August 2010	41.85	35.10	37.20	3,11,909
September 2010	41.80	35.20	37.20	3,24,842
October 2010	39.00	34.00	34.80	1,34,301
November 2010	37.95	27.95	29.15	85,389
December 2010	33.00	23.90	24.70	86,215
January 2011	26.00	20.00	20.75	70,577
February 2011	22.75	16.30	17.90	81,113
March 2011	18.80	13.05	15.00	54,216

Source: www.bseindia.com.

7.8 Performance in comparison to broad –based indices such as BSE sensex, CRISIL index etc.

The shares of the Company are listed at Bombay Stock Exchange Ltd., the Stock Market Details of which has been given as above.

7.9 Registrar & Transfer Agent

: BIGSHARE SERVICES PVT. LTD.
E-2/3, ANSA INDUSTRIAL ESTATE, SAKIVIHAR ROAD,
SAKI NAKA, ANDHERI (EAST), MUMBAI – 400 072

7.10 Share Transfer System :

The shares of the Company, being in the compulsory demat list, are transferable through the depository system. All transfers received are processed and approved by the Share Transfer Committee which normally meets twice a month. Shares under objection are returned within two weeks.

7.11. a Distribution of Shareholding

Category			Number of Shareholders	Number of Shares held
From	To			
Upto	-	5000	11889	6708189
5001	-	10000	395	707910
10001	-	20000	52	189834
20001	-	30000	11	64765
30001	-	40000	7	66646
40001	-	50000	6	66428
50001	-	100000	10	182757
100001	-	and above	73	92681796
TOTAL			12443	100668325

7.11.b Shareholding Pattern

	Category	No. of shares held	Percentage of shareholding
1.	Promoter's Holding	39481387	39.22
2.	Mutual Funds, Banks, Financial Institutions, FIs, NRIs & OCBs	8240664	8.18
3.	Domestic Companies	28092992	27.91
4.	Resident Individuals	24853282	24.69
	TOTAL	100668325	100.00

7.12.a Dematerialization of Shares

: Approximately 74.09% of the shares issued by the Company have been dematerialized upto 31st March 2011.

7.12.b Liquidity

: The Companies shares are listed on The Stock Exchange, Mumbai.

7.13 Outstanding FCCB

: FCCB of 74.56 million USD listed in Singapore Stock Exchange.

7.14 Plant Location

: Kalameshvar, Nagpur (Maharashtra)
Dombivali, Dist. Thane (Maharashtra)
Wada, Dist. Thane (Maharashtra), Silvassa (U.T.)

7.15 (i) Address for Investor Correspondence

For transfer / dematerialisation of shares payment of dividend on shares interest and redemption of debentures and any other query relating to shares and debentures of the Company.

BIGSHARE SERVICES PVT. LTD.
E-2/3, ANSA INDUSTRIAL
ESTATE, SAKIVIHAR ROAD,
SAKI NAKA, ANDHERI (EAST),
MUMBAI- 400 072

Note : Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.

(ii) Any query on Annual Report

: Plot No.69, Dhanudyog Indl. Area, Piperia, Silvassa (U.T.)

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DECLARATION

I hereby declare and confirm that requirement of Clause 49 of Listing Agreement has been duly complied with save and except compliance of AS-15 applicable to accounting treatment of gratuity and leave encashment which has been accounted on cash basis.

For KSL and Industries Limited

Place : Mumbai
Date : 28th April, 2011

Sd/-
Ajay Ramesh Gupta
Managing Director

CEO/CFO CERTIFICATION

I Ajay Ramesh Gupta, Managing Director of KSL AND INDUSTRIES LIMITED do certify to the Board that:

- a. I have reviewed Financial Statements and the Cash Flow Statement for the year and that to the best of my knowledge and belief :
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and I have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. I have indicated to the Auditors and the Audit committee
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in Accounting Policies during the year and that the same have been disclosed in the notes to the Financial Statements; and
 - iii. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For KSL and Industries Limited

Place : Mumbai
Date : 28th April, 2011

Sd/-
Ajay Ramesh Gupta
Managing Director

Declaration regarding Compliance by Board Members and Senior Management Personnel with the Code of Conduct

This is to confirm that the Company has adopted the Code of Conduct for its Board Members and Senior Management Personnel.

I confirm that the Company has in respect of the financial year ended 31st March, 2011, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Members of the Management one level below the Executive Directors as on 31st March, 2011.

For KSL and Industries Limited

Place : Mumbai
Date : 28th April, 2011

Sd/-
Ajay Ramesh Gupta
Managing Director

KSL AND INDUSTRIES LIMITED

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

The Management of **KSL AND INDUSTRIES LIMITED** in its Analysis Report laid down the performance and outlook of the Company in order to comply the requirement of Corporate Governance as laid down in the Listing Agreement. However, investors and readers are cautioned that this discussion contains certain forward looking statements that involve risk and uncertainties. Industry structure and demvelopments:

A) **Textile Industry:**

The Textile Industry occupies a unique place in our Country by contributing around 4% of India's GDP, 14% of the Country's Industrial Production, 18% of Industrial employment and 17% of the export earnings. It is the second largest provider of employment after agriculture. It provides direct employment to over 35 million people and indirect employment to around another 60 million people in the Country.

The Industry contributes around 25% share in the world trade of cotton yarn. India is the largest exporter of yarn in the international market and has a share of 25% in world cotton yarn export market. India contributes for 12% of the world's production of textile fibers and yarn. Indian textile industry is second largest after China in terms of spindlage, and has share of 23% of the world's spindle capacity. India has around 6% of global rotor capacity.

The industry is expected to grow from the present US\$ 70 billion to US\$ 220 billion by 2020; India's textile export is expected to reach US\$ 25 billion by 2012.

The availability of concessional loans under the Technology Upgradation Fund Scheme (TUFS) and growing demand for Value Added lifestyle- driven retail products are other contributing factors which encourage new investment in up gradation of machineries.

India has the potential to increase its textile and apparel share in the world trade from the current level of 4.5 per cent to 8 per cent and reach US\$ 80 billion by 2020.

— **Cotton**

India is the second largest producer of cotton in the world. The International Cotton Advisory Committee (ICAC) noted that India has produced 4.74 metric tonnes (MT) of cotton during the year. India's production next season is likely to touch 5.61 MT. Cotton is the predominant fabric used in the Indian industry, accounting for nearly 60 per cent of production. The average yield of cotton per hectare in Indian is about 400 kilograms which is considered low. During the year India produced total 32 million bales, out of which 10.5 million has been produced in Gujarat.

— **Spinning**

The Spinning Industry in India is on set to hit the global market with its enthusiasm and consistency in work. The spinning sector in India is globally competitive in terms of variety, process and production quantity. It has already reached a phenomenal status in India by beating the obstacles that caused a downfall since past few years and is now on its way to cover a wider area in the spinning sector. India has about 40 million spindles (23 per cent of the world).

— **Knitting**

Weaving and knitting converts cotton, manmade, or blended yarns into woven or knitted fabrics. India's weaving and knitting sector remains highly fragmented, small-scale, and labour intensive.

This sector consists of about 3.9 million handlooms, 380,000 power loom enterprises that operate about 1.7 million looms, and just 137,000 looms in the various composite mills. Power looms are small firms, with an average loom capacity of four to five owned by independent entrepreneurs or weavers. Modern shuttleless looms account for less than 1 percent of loom capacity.

Knitting units are successful in export channels. Some of the prominent weaving / knitting clusters include Tirupur in Tamil Nadu and Ludhiana in Punjab.

i) **Opportunity and Threats**

The textile industry is undergoing a major reorientation towards non-clothing applications of textiles, known as technical textiles, which are growing roughly at twice rate of textiles for clothing applications and now account for more than half of total textile production. Technical textiles segment is expected to employ over 3,00,000 additional workers increasing the total employment to 1.2 million by 2012. The Government of India has set up 4 Centres of Excellence for Meditech, Agrotech, Geotech and Protech group of technical textile providing one-stop facility for testing, human resource development and research and development.

The present global economic scenario provides ample opportunities for strong integrated textile companies such as like your company. Over the years the Company has built up capacities of scale by installing state-of-art production facilities. By reinforcing its position across the value change and presenting customers with diversified range of products, the company has developed sustainable business model with strength and resilience to combat any down turn in demand.

Strengths:

- Large and growing domestic market.
- Excellence in fabric and garment designing.
- Adequate raw material supplies.
- Self reliant industry producing the entire supply chain fiber/cotton to garments/ home textiles.
- Low labour cost and availability of skilled and technical labour force.

Weaknesses:

- Labour laws and policies lack reforms.
- Small size and technologically outdated plants result in lack of economies scale, low productivity and weak quality control.
- Cotton availability is vulnerable to erratic monsoon and low per hectare yield.
- Infrastructure bottlenecks for handling large volumes.

Opportunities:

- Shift in domestic market towards readymade garments, and domestic textile consumption increasing with growing disposable income.
- End of quota system and full integration of the textile industry.

Threats:

- Stiff competition from other Asian countries.
- Survival of the fittest-in term of quality, size delivery and cost.
- Pricing pressures.
- Increase in regional trade could reduce share of market opened for India, China and other countries.

ii) **Government Initiatives**

In an effort to increase India's share in the world textile market, the government has introduced a number of progressive steps.

- 100 per cent FDI allowed through the automatic route.
- De-reservation of readymade garments, hosiery and knitwear from the small-scale industries sector in end-2000.
- Technology Mission on Cotton was launched in February 2000 to make quality raw material available at competitive prices.
- Technology Upgradation Fund Scheme (TUFS) which was launched to facilitate the modernisation and upgradation of the textiles industry in 1999 has been given further extension till 2011-12.
- 40 textile parks are being set up under the Scheme for Integrated Textile Parks (SITP) which will attract an investment of US\$ 4.38 billion.
- In current times of a global meltdown, the government has come out with an economic stimulus package for the textile industry. This includes:
 - Extension of interest rate subvention of 2 per cent on pre and post shipment credit.
 - Additional allocation of US\$ 285.66 million to clear the entire backlog in TUFS, which would enhance cash flow of the exporters.
 - Additional fund of US\$ 224.42 million for refund of terminal excise duty.

B) **Real Estate Industry:**

Indian real sector has seen an unprecedented boom in the last few years. This was ignited and fueled by two main forces. First, the expanding industrial sector has created a surge in demand for office-buildings and dwellings. The industrial sector grew at the rate of 10.8 percent in 2006-07 out of which a growth of 11.8 percent was seen by the manufacturing sector. Second, the liberalisation policies of government has decreased the need for permissions and licenses before taking up mega construction projects. Opening the doors to foreign investments is a further

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step in this direction. The government has allowed FDI in thereal estate sector since 2002. FDI was deemed necessary in the view of making the sector more organised and increasing professionalism. farmers. The villages adjacent to the metro cities have experienced sky-rocketing land prices. This has induced farmers to sell their land for good money.

The real estate sector in India is of great importance. According to the report of the Technical Group on Estimation of Housing Shortage, an estimated shortage of 26.53 million houses during the Eleventh Five Year Plan (2007-12) provides a big investment opportunity. According to the data released by the Department of Industrial Policy and Promotion (DIPP), housing and real estate sector including cineplex, multiplex, integrated townships and commercial complexes etc, attracted a cumulative foreign direct investment (FDI) worth US\$ 9,405 million from April 2000 to January 2011 wherein the sector witnessed FDI amounting US\$ 1,048 million during April-January 2010-11.

The positive outlook of Indian government is the key factor behind the sudden rise of the Indian Real Estate sector - the second largest employer after agriculture in India. This budding sector is today witnessing development in all area such as - residential, retail and commercial in metros of India such as Mumbai, Delhi & NCR, Kolkata and Chennai. Easier access to bank loans and higher earnings are some of the pivotal reasons behind the sudden jump in Indian real estate.

The Indian real estate sector plays a significant role in the country's economy. The real estate sector is second only to agriculture in terms of employment generation and contributes heavily towards the gross domestic product (GDP).

The major development in real estate is of residential in nature, the rest comprises of commercial, shopping, hotel and hospital space.

The Company's flagship realty project christened as "Empress City" at Nagpur is progressing well and on its completion it has the potential to generate ₹ 450 Crores in Revenues across three years The complex being built up on ten Hectare facility will comprise of residential complexes, Five Star Hotels, Shopping Malls, IT Parks, Multiplexes etc. The Company has also undertaken realty projects at other locations also.

Real Estate Sector's

Strength

- Greater professionalism in the industry
- Better product design and quality
- Technologically innovative products

Weakness

- Difficulties in procuring local sanctions
- Inadequate backup by local authorities
- High pricing and limited demand
- Difficulties in the exit route

Opportunities

- Competitive market creation
- Mass investments in the economy
- REITS / MFs
- Improved business environment

Threats

- Displacement of existing players
- Financial risks
- Market risks
- High susceptibility to Litigation

C) Segment-wise performance

The Company's operations can be categorized into two segments namely Textile and Real Estate. However since the operations of the Company in the Real Estate Segment are in the implementation stage, the current financial year's performance relates only to the Textile Segment. The same has been detailed in the Financial Results of the Company.

D) Outlook

As the industrial and economic growth of the country is showing steadily improvement The Company has drawn out and is implementing an extensive action plan which comprises thrust on high margin products, reduction in raw material costs, rationalization of operations and over-heads, optimizing inventory level, selective credit policy to customers and liquidation of slow-moving inventories and overdue receivables.

The Company with its superior product mix and higher value-addition, coupled with the change in industry scenario like more fiscal incentives as announced by Government of India for textile industry, change in consumer preferences from woven to knitted clothes etc, is expected to benefit significantly.

E) Risk and Concern

Forward looking statements are based on certain assumptions and expectations of the future events that are subject to risks and uncertainties. Actual future results and trends may differ materially from historical results, depending on variety of factors. The risk and concerns faced by the Company are similar to those faced by any growing organization in today's dynamic industrial and economic scenario.

There are no major risk and concern to the Company's operation except from the competitive pricing pressure from cheaper imports, unethical competitions from sick units, free market policies and removal of quantitative restrictions.

F) Internal Control system and their adequacy

Your Company ensures adherence to all Internal Control policies and procedures as well as compliance with all regulatory guidelines. The adequacy of internal controls is reviewed by the Audit Committee of the Board of Directors.

The Company's internal control systems are adequate, considering size and nature of operation of the Company, to meet regulatory/statutory requirements assure recording of all transactions and report reliable and timely financial information. Additionally, it also provides protection against misuse or loss of any of the company assets.

G) Financial Performance Vs. Operational Performance

The Company has achieved a Sales Turnover of ₹ 131335.06 Lacs for the year ended 31st March, 2011 as against ₹ 104569.96 Lacs in respect of the previous Financial Year ended 31st March, 2010. The Profit before Depreciation, Interest and Tax is ₹ 18597.91 Lacs in the Financial Year ended 31st March, 2011 as against ₹ 16842.43 Lacs in the previous Financial Year ended 31st March, 2010. The Company has registered Net Loss of ₹ (341.59) Lacs for the year ended 31st March, 2011 as against Net Profit of Rs 400.27 Lacs in the corresponding previous Financial Year.

H) Development in Human Resources/Industrial Relation front

Human resources represent the strength of your Company with a team of qualified and dedicated personnel who have contributed to the consolidation of the operations of your Company. The team ensured timely completion of the various projects undertaken by the Company. The Company has also laid qualitative objectives to maximize overall growth. Emphasis was placed on building a cohesive workforce to maximize returns to all stakeholders of the Company.

The focus of Human Resource is on building and developing intellectual capital through innovative ideas and by providing the training of the employees is an on going process. The industrial relation climate of the Company continues to remain harmonious with focus on quality and safety.

I) Research and Development:

Increased globalization has made the marketing of products and retention of customers highly competitive. The need of the hour is total customer satisfaction and value for money from the products marketed. Keeping this objective as paramount, the research and development activities were focused into prompt attention to major customer complaints/ suggestions in order to retain and enhance customer satisfaction. The Company has started launching products of better quality and new look as per customer requirements.

H) Cautionary Statement

Closed-circuit television and earthquake proofing are expected as standard features in most upmarket blocks. Evershine Builders, for instance, is providing a range of facilities from modular kitchens to piped gas and Internet connections. Some of its flats are even fully furnished. The boom is also attracting interest from foreign players. Vancouver-based Royal Indian Raj International Corporation (RIRIC) will invest a staggering US\$ 2.9 billion in a single real-estate project named Royal Garden City in Bottom of Form

Statements Made in this Report may be "forward looking statements" within the meaning of applicable securities laws and regulations. These statements are based on certain assumptions and expectations of the future events that are subject to risks and uncertainties. Actual future results and trend may differ materially from historical results, depending on variety of factors like changes in economic conditions affecting demand/supply, price conditions in which the Company operates, Government regulations, tax laws and other statutes and incidental factors.

KSL AND INDUSTRIES LIMITED

AUDITORS' REPORT

To,
The Members of
KSL AND INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **KSL AND INDUSTRIES LIMITED** as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement of the company for the year ended on that date, both annexed Thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003(CARO) and the Companies (Auditor's Report)(Amendment) order 2004 issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that : -
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
 - e) On the basis of the written representations received from the directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director of the Company in terms of Section 274(1)(g) of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India except for the retirement benefit are accounted for on cash basis
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - ii) in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For A. F. KHASGIWALA & CO.
Chartered Accountants

Sd/-
A. F. KHASGIWALA
Partner

Mem. no . 6491
Firm Regn. No.105114W

Place : Mumbai
Date : 28.04.2011

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ANNEXURE TO THE AUDITORS REPORT REFERRED TO IN PARAGRAPH 2 OF AUDITORS' REPORT OF EVEN DATE

On the basis of such checks/ audit procedures as we considered appropriate and according to the information and explanation given to us during the course of audit, we state that:

1. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the Fixed Assets.
 - (b) The management has at reasonable intervals carried out the physical verification of the fixed assets. No material discrepancies have been noticed on such verification.
2. In respect of its inventories:
 - (a) The inventories have been verified during the year by the management. In our opinion, having regard to the nature and location of the stocks, the frequency of the physical verification is reasonable.
 - (b) In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - (c) In our opinion, and according to the information and explanations given to us, the Company has maintained proper records of its inventories and discrepancies noticed on physical verification of the above referred inventories as compared to the book records were not material and have been properly dealt with in the books of account.
3. The company has neither granted nor taken secured or unsecured loans from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly Sub-clause (b), (c) & (d) are not applicable.
4. In our opinion, and according to the information and explanations given to us, in a few cases as the items are of special nature and no alternative quotation are available, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of stores, raw materials including components, plant & machinery, equipment and similar assets & purchase of goods and for the sale of goods We have not observed any major weakness in such internal control system.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956:
 - a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register under section 301 have been so entered.
 - b. According to the information and explanations given to us, purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to ₹500000 or more in respect of each party have been made at prices which are reasonable having regards to the prevailing market price for such goods, materials or services or the prices at which the transactions for similar goods are services have been made with other parties, where applicable.
6. The Company has not accepted any deposits from the public during the year & consequently the provision of Section 58A and 58AA or any other relevant provision of the Companies Act, 1956 and the Rules made there under are not applicable.
7. In our opinion, the company has an adequate internal audit system commensurate with the size of the company and nature of its business.
8. We are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government of India under Section 209 (1) (d) of the Act have been maintained. We have, however, not made a detailed examination of such accounts and records.
9. In respect of statutory dues:
 - (a) According to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund and Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Cess and other material statutory dues with the appropriate authorities though there is delay in some cases.
 - (b) There are no disputed statutory dues. Therefore reporting under this clause does not arise.
10. According to the information and explanations given to us, the company does not have an overdue outstanding to any financial institution or Banks.
11. In our opinion and according to records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
12. In our opinion and according to the information and explanations provided to us the nature of activities of the company does not attract special statute applicable to Chit fund & Nidhi /Mutual benefit / society
13. All shares, debentures and other securities held as investments by the company have been held by the Company in its own name.
14. According to the information and explanations given to us, the Company has given on behalf of Actif Corporation Ltd (Formerly known as Deccan Mills & infrastructure Ltd (Subsidiary company)guarantee for loans taken by others from banks or financial institutions.
15. According to the information and explanations given to us, the working capital and term loans raised during the year were used for the purpose for which they were raised.
16. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on Short-term basis have been used for long term investment.
18. During the year the Company has not made any payment to parties or companies covered in the register maintained u/s 301 of the companies Act, 1956.
19. The Company has not issued debenture during the year.
20. The Company has not raised money by public issue during the year.
21. Based upon the Audit procedure preformed for the purpose of reporting the true and fair view of financial statement as per the information and explanations given to us, no frauds on or by the company has been noticed or reported during the year.

For A. F. KHASGIWALA & CO.
Chartered Accountants

Sd/-
A. F. KHASGIWALA
Partner
Mem. No . 6491
Firm Regn. no.105114W

Place : Mumbai
Date : 28.04.2011

KSL AND INDUSTRIES LIMITED

BALANCE SHEET AS AT 31st MARCH, 2011

	SCH.	31.03.2011 (₹ lacs)	31.03.2010 (₹ lacs)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
SHARE CAPITAL	1	4026.73	4026.73
RESERVES & SURPLUS	2	47051.62	47393.20
		<u>51078.35</u>	<u>51419.93</u>
SHARE APPLICATION MONEY		10000.00	10000.00
DEFERRED TAX LIABILITY		2589.54	2191.35
LOAN FUNDS	3	112773.27	113939.65
TOTAL		<u>176441.16</u>	<u>177550.93</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
GROSS BLOCK	4	143960.07	142447.68
LESS: DEPRECIATION		35153.89	25204.91
		<u>108806.18</u>	<u>117242.77</u>
CAPITAL WORK IN PROGRESS		2068.02	1141.61
NET BLOCK		110874.20	118384.39
INVESTMENTS	5	5311.95	5311.95
CURRENT ASSETS, LOANS AND ADVANCES			
INVENTORIES	6	22343.41	19481.86
INVENTORIES(REAL ESTATE)	6A	3235.50	0.00
SUNDRY DEBTORS	7	25724.77	22774.95
CASH & BANK BALANCES	8	751.03	1284.84
LOANS & ADVANCES	9	10555.29	10486.61
		<u>62610.00</u>	<u>54028.26</u>
LESS:CURRENT LIABILITIES & PROVISIONS			
CURRENT LIABILITIES	10	3175.14	1057.02
PROVISIONS	11	14.09	89.93
		<u>3189.23</u>	<u>1146.95</u>
NET CURRENT ASSETS		59420.77	52881.31
MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT ADJUSTED OR WRITTEN OFF)	12	834.24	973.28
TOTAL		<u>176441.16</u>	<u>177550.93</u>
NOTES ON ACCOUNTS	19		

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

For A. F. KHASGIWALA & CO.
Chartered Accountants

Sd/-
A. F. KHASGIWALA
Partner
M. No. 006491
Firm Regn. No. 105114W

Sd/-
Managing Director

Sd/-
Chairman

Place : Mumbai
Date : 28.04.2011

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PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2011

	SCH.	31.03.2011 (₹ lacs)	31.03.2010 (₹ lacs)
INCOME			
SALES & INCOME FROM OPERATIONS	13	131335.06	104569.96
OTHER INCOME	14	0.00	1104.49
INCREASE IN STOCK OF FINISHED GOODS		185.29	-1951.91
TOTAL		131520.35	103722.54
EXPENDITURE			
RAW MATERIALS CONSUMED	15	93122.37	68660.03
MANUFACTURING EXPENSES	16	15687.79	14585.84
INTEREST & FINANCE CHARGES	17	8578.24	7304.16
SELLING & ADMINISTRATIVE EXPENSES	18	3973.23	3495.19
DEPRECIATION		9948.98	9009.30
MISCELLANEOUS EXPENDITURE WRITTEN OFF		139.04	139.04
TOTAL		131449.65	103193.57
PROFIT BEFORE TAX		70.69	528.97
PROVISION FOR TAXATION		14.09	89.93
DEFERRED TAX LIABILITY		398.19	38.77
PROFIT FOR THE YEAR		-341.59	400.27
ADD.: BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		17973.62	17573.35
TOTAL		17632.04	17973.62
AMOUNT AVAILABLE FOR APPROPRIATION		17632.04	17973.62
APPROPRIATIONS			
BALANCE CARRIED TO BALANCE SHEET		17632.04	17973.62
		17632.04	17973.62
BASIC/DILUTED EARNING PER SHARE		-0.34	0.40
NOTES ON ACCOUNTS	19		

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

For A. F. KHASGIWALA & CO.
Chartered Accountants

Sd/-
A. F. KHASGIWALA
Partner
M. No. 006491
Firm Regn. No. 105114W

Sd/-
Managing Director

Sd/-
Chairman

Place : Mumbai
Date : 28.04.2011

KSL AND INDUSTRIES LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

	31.03.2011 (₹ lacs)	31.03.2010 (₹ lacs)
SCHEDULE '1'		
SHARE CAPITAL		
Authorised		
250000000 Equity Shares of ₹4/- Each	10000.00	10000.00
(Previous year 250000000 Equity Shares of ₹4/- Each)		
5000000 Redemable Preference Shares of ₹10/- Each.	500.00	500.00
(Previous year 5000000 Red.Pref. Shares of ₹10/- Each)	<u>10500.00</u>	<u>10500.00</u>
Issued, Subscribed and Paid-Up		
100668325 Equity Shares of ₹4/-each fully paid up	4026.73	4026.73
(Previous year 100668325 Equity Shares of ₹ 4/- Each)	<u>4026.73</u>	<u>4026.73</u>
SCHEDULE '2'		
RESERVES & SURPLUS		
General Reserve	5527.48	5527.48
Share Premium Account	23888.34	23888.34
Capital Reserve	3.76	3.76
Profit and Loss Account Surplus	17632.04	17973.62
TOTAL	<u>47051.62</u>	<u>47393.20</u>
SCHEDULE '3'		
LOAN FUNDS		
SECURED LOANS		
Working Capital Loan (See Note NO.12 (a) For Security)	24122.69	22146.48
Term Loan (See Note NO.12 (b) For Security)	42228.07	45253.74
(Repayment of Term Loan of one year ₹9618 Lacs)		
ECB Loan	1155.14	1155.14
Interest Accured & due	544.53	661.45
TOTAL (A)	<u>68050.43</u>	<u>69216.81</u>
UNSECURED LOANS		
Unsecured Loans	14000.00	14000.00
FCCB Liability	30474.16	30474.16
Interest Accured but not due	248.68	248.68
TOTAL (B)	<u>44722.84</u>	<u>44722.84</u>
TOTAL (A)+(B)	<u>112773.27</u>	<u>113939.65</u>

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SCHEDULE- 4: FIXED ASSETS AS ON 31.03.2011

(₹ in lacs)

SR NO	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		At Cost 1.4.2010	Addition	Dedu- ction	As on 31.03.2011	As on 1.4.2010	Dedu- ction	During the Year	Upto 31.03.2011	As on 31.03.2011	As on 31.03.2010
1	Land & Building(emp)	31350.12	0.00	950.55	30399.57	629.11	0.00	720.01	1349.11	29050.45	30721.01
2	Land & Site Development	4008.25	0.00	0.00	4008.25	0.00	0.00	0.00	0.00	4008.25	4008.25
3	Building	25479.90	165.99	0.00	25645.89	1823.89	0.00	850.24	2674.14	22971.75	23656.01
4	Residential Building	127.93	0.00	0.00	127.93	21.41	0.00	2.09	23.50	104.43	106.52
5	Plant & Machinery	79236.70	2291.29	0.00	81527.99	22313.23	0.00	8252.65	30565.88	50962.11	56923.47
6	Electric Installation	955.71	3.00	0.00	958.71	86.30	0.00	45.48	131.78	826.94	869.41
7	Furniture & Fixtures	304.68	2.65	0.00	307.33	107.86	0.00	19.38	127.23	180.09	196.82
8	Air Conditioner	134.76	0.00	0.00	134.76	33.05	0.00	8.53	41.58	93.18	101.72
9	Office Equipment	700.82	0.00	0.00	700.82	61.63	0.00	44.36	106.00	594.83	639.19
10	Computers	83.10	0.00	0.00	83.10	83.10	0.00	0.00	83.10	0.00	0.00
11	Vehicle	65.72	0.00	0.00	65.72	45.33	0.00	6.24	51.57	14.14	20.39
	Total	142447.69	2462.93	950.55	143960.07	25204.91	0.00	9948.98	35153.89	108806.18	117242.77
	Capital Work in Porgress(tex)	1141.61	2842.32	2460.28	1523.66	0.00	0.00	0.00	0.00	1523.66	1141.61
	Capital Work in Porgress(rel)	0.00	544.36	0.00	544.36	0.00	0.00	0.00	0.00	544.36	0.00
	Total	143589.30	5849.61	3410.83	146028.09	25204.91	0.00	9948.98	35153.89	110874.20	118384.39
	Previous Total	128941.43	32358.09	17710.24	143589.29	16195.60	0.00	9009.30	25204.91	118384.39	112745.84

SCHEDULE '5' : INVESTMENTS (Long term Investment) Trade

	No. of Shares	₹ in Lacs 2011	No. of Shares	₹ in Lacs 2010
A. Quoted Shares				
Asahi Fibres Ltd of ₹1/-each fully paid up	16000000	160.00	16000000	160.00
B. Unquoted Shares				
In Subsidiary Companies				
Actif Corpn Ltd of Rs10 each fully paid up.	49994	5.00	49994	5.00
Reward Real Estate Ltd of ₹10each fully paid up	29997500	4000.00	29997500	4000.00
Kalmeshwar Textiles Mills Ltd of ₹10each fully paid up	1641598	1050.00	1641598	1050.00
In others				
Mori Hanol Hydro-power Ltd of ₹10each fully paid up	499996	50.00	499996	50.00
Tayal Energy Ltd of ₹10each fully paid up	469500	46.95	469500	46.95
		5311.95		5311.95
Aggregate Book Value of Quoted Investments		160.00		160.00
Aggregate Market Value of Quoted Investments		6208.00		0.00

SCHEDULE '6'

INVENTORIES

(Valued and Certified by the Management)

Raw Materials	12962.23	11977.23
Finished Goods	5555.12	5369.83
Work-In-Progress	3763.03	2076.51
Consumables	63.03	58.29
	22343.41	19481.86

SCHEDULE '6 A'

INVENTORIES(Real Estate)

Work in progress(At Cost)		
Marol maroshi Project	1821.22	0.00
Kandivali Project	1414.28	0.00
	3235.50	0.00

KSL AND INDUSTRIES LIMITED

	31.03.2011 (₹ lacs)	31.03.2010 (₹ lacs)
SCHEDULE '7'		
SUNDRY DEBTORS		
(Unsecured and considered good)		
Over Six Months	30.65	22.34
Less than Six Month	<u>25694.12</u>	<u>22752.61</u>
	<u>25724.77</u>	<u>22774.95</u>
SCHEDULE '8'		
CASH AND BANK BALANCES		
Cash on Hand	11.54	8.18
Balances with Banks :		
In Current Accounts	115.32	67.66
In Fixed Deposits	<u>624.17</u>	<u>1208.99</u>
	<u>751.03</u>	<u>1284.84</u>
SCHEDULE '9'		
LOANS AND ADVANCES		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	<u>10555.29</u>	<u>10486.61</u>
	<u>10555.29</u>	<u>10486.61</u>
SCHEDULE '10'		
CURRENT LIABILITIES		
Sundry Creditors	743.22	342.27
Other Liabilities	<u>2431.92</u>	<u>714.75</u>
	<u>3175.14</u>	<u>1057.02</u>
SCHEDULE '11'		
PROVISIONS		
Provision for Taxation	14.09	89.93
	<u>14.09</u>	<u>89.93</u>
SCHEDULE '12'		
MISCELLANEOUS EXPENDITURE		
(To the extent not adjusted or written off)		
Deferred Revenue Expenditure	973.28	1112.32
Less : Written off during the year	<u>139.04</u>	<u>139.04</u>
	<u>834.24</u>	<u>973.28</u>
SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31 ST MARCH, 2011.		
	31.03.2011 (₹ lacs)	31.03.2010 (₹ lacs)
SCHEDULE '13'		
SALES		
Sales	130601.28	103153.77
Income From Operations	<u>733.77</u>	<u>1416.19</u>
	<u>131335.06</u>	<u>104569.96</u>
SCHEDULE '14'		
OTHER INCOME		
Profit on Buy back of part FCCB	0.00	1104.49
	<u>0.00</u>	<u>1104.49</u>

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	31.03.2011 (₹ lacs)	31.03.2010 (₹ lacs)
SCHEDULE '15'		
RAW MATERIALS CONSUMED		
Raw Materials		
Opening stock - Raw Materials	11977.23	5853.04
- Work-In-Progress	<u>2076.51</u>	<u>1467.15</u>
	14053.74	7320.18
Add: Purchases	95793.89	75393.59
	<u>109847.64</u>	<u>82713.77</u>
Less : Closing stock - Raw Materials	12962.23	11977.23
- Work-In-Progress	<u>3763.03</u>	<u>2076.51</u>
	16725.27	14053.74
	<u>93122.37</u>	<u>68660.03</u>
Increase in stock of Finished goods		
-Closing Stock	5555.12	5369.83
-Opening Stock	<u>5369.83</u>	<u>7321.74</u>
	185.29	-1951.91
SCHEDULE '16'		
MANUFACTURING EXPENSES		
Power & Fuel	7984.75	7485.97
Stores, Chemicals and Packing Materials	2066.27	1750.33
Labour Charges	4684.63	4418.18
Processing/Jobwork Charges	103.36	131.63
Repairs & Maintenance	476.45	462.77
Water Charges	108.42	89.17
Freight Charges	78.43	63.57
Loading & Unloading Expenses	185.48	184.22
	<u>15687.79</u>	<u>14585.84</u>
SCHEDULE '17'		
INTEREST & FINANCE CHARGES		
Interest(Net)(including ₹30.24Lacs on ECB Loan)	8522.43	7266.71
Finance & Bank Charges	<u>55.81</u>	<u>37.45</u>
	<u>8578.24</u>	<u>7304.16</u>
SCHEDULE '18'		
SELLING & ADMINISTRATIVE EXPENSES		
Discount, Commission & Brokerage	675.50	659.89
Sales Promotion Expenses	39.16	28.94
Transportation Charges	182.75	176.45
Insurance Charges	67.18	90.26
Rent, Rates and Taxes	59.70	49.90
Traveling & Conveyance	245.45	212.56
Auditors Remuneration	1.10	0.62
Telephone Charges	159.20	124.73
Postage & Telegram	98.74	97.33
Printing & Stationery	235.65	230.86
Salary & Staff Welfare	761.74	610.26
Directors' Remuneration	6.00	6.00
Directors' Sitting Fees	3.04	2.00
Legal, Professional & Consultancy Charges	73.37	210.56
Charity & Donation	0.00	0.50
General Charges	178.12	158.26
Electricity Charges(Net)	155.84	185.26
Repairs and Maintenance	31.46	31.45
Advertisement Expenses	703.71	395.26
Office Expenses	86.12	62.25
Security charges	76.80	53.25
Motor Car Expenses	58.81	43.56
Service Charges	29.50	24.27
Listing Fees	0.50	0.50
Registration & Filing Fees	43.78	40.26
TOTAL	<u>3973.23</u>	<u>3495.19</u>

KSL AND INDUSTRIES LIMITED

SCHEDULE '19'

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011.

SIGNIFICANT ACCOUNTING POLICIES

A. GENERAL:

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles ("GAAP"), and in compliance with the Accounting Standards referred to in section 211 (3C) and other requirements of the Companies Act, 1956.

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of fixed assets etc. Actual results could differ from these estimates.

B. REVENUE RECOGNITION :

- Revenue on sale of products is recognized when the products are dispatched to customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Sales are stated net of returns and sales tax collected.
- Revenue in respect of insurance/other claims, interest, export incentives etc. is recognized only when it is reasonably certain that the ultimate collection will be made.

C. FIXED ASSETS

- Own Assets:
Fixed Assets are stated at cost less accumulated depreciation. Cost includes all identifiable expenditure to bring the assets to its present location and condition.
- Assets taken on Lease :
Operating Lease:
Assets taken on lease under which, all the risk and reward of ownership are effectively retained by the lessor are classified as operating lease. Lease rental under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements and charged to the Profit & Loss Account.

D. DEPRECIATION

The Company follows the straight line method of providing depreciation at the rates prescribed in Schedule XIV to the Companies Act 1956 read with Section 205(2) (b) of the said Act on pro-rata basis uniformly in respect of all assets.

E. INVESTMENTS

Long term investments are carried at cost. Less Provision for diminution other than temporary. if any in value of such investments.

F. INVENTORIES

Inventories are valued at cost or net realizable value, whichever is lower.

G. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

NOTES TO THE ACCOUNTS

- Retirement benefits :
 - Provident fund has been paid regularly in time by the company.
 - Gratuity and Leave encashment are accounted for in cash basis as and when paid.
- Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes as a substantial period of time to get ready for its intended use or sale.
 - All other borrowing costs are charged to revenue in the period in which they are incurred.
- The company has two business segment namely "Textiles" and "Real Estate" hence segment reporting as required under AS-17 issued by ICAI and made mandatory w. e .f. 1/04/2001 for certain business enterprises is applicable in case of company,
- AS-18 Related Party Disclosure: AS per accounting Standard -18 "Related Party Disclosures" issued by ICAI related parties of the company and nature of relationship are as follows :

Related Party	Nature of Relationship
Kalameshwar Textile Mills Ltd.	100% Subsidiary company
Reward Real Estate Co.Ltd.	100% Subsidiary company
Actif Corporation Ltd.	Subsidiary company u/s 4(1)(a)
Ajay Ramesh Gupta	Key Management person

Disclosure of related party transactions:

Related Party	Nature of Relationship	Nature of Transaction	Volume of Transaction (₹ Lacs)
Reward Real Estate Company Ltd.	100% Subsidiary company	Unsecured Loan (given)	1500.00
Kalameshwar Textile Mills Limited.	100% Subsidiary company	Lease. rent(paid)	1.00
Ajay Ramesh Gupta	Key Management Person	Remuneration	6.00

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5. AS-19 Leases The Company has taken various Assets on Lease and leave license basis, all leases are operating leases the details of the same are as under:

S No	Future Lease Payments	2010-11	2009-10
1	Not later than 1Year	3.06	3.06
2	Later than 1Year but not later than 5Years	—	—
3	Later than 5Years	—	—

6. **EARNING PER SHARE**

In accordance with the Accounting Standard 20- Earning per Share issued by ICAI Basic and Diluted Earnings Per Share is calculated as under:

	31.03.2011 (₹ Lacs)	31-03-2010 (₹ Lacs)
a) Net Profit/(Loss)available to equity shareholder	-341.59	400.27
b) Weighted average no.of Eq.Sh.outstanding (nos.)	100668325	100668325
c) Basic & Diluted Earnings per Share	₹ -0.34	₹ 0.40
d) Nominal value of Equity Share	₹ 4.00	₹ 4.00

7. **Deferred Tax assets & Liabilities**

Deferred tax has been provided in a accordance with the Accounting Standard-22 – “Accounting for taxes on income” issued by the ICAI applicable with effect from 1st April 2001.The Accumulated Deferred tax liability as on 31st March, 2011 amounting to ₹398.19 Lacs is the difference between the book depreciation and tax depreciation.

8. **Impairment of Assets**

The carrying cost of assets are reviewed at each balance sheet date to find out any indication of impairment based on the internal & external factors. An assets is treated as impairment when the carrying cost of the assets exceeds its recoverable amount. An impairment loss if any, charged to P&L a/c. in the year in which the assets is identified as impaired. Reversal of impairment loss recognized in prior years is recorded when there is an indication that impairment loss recognized for the assets no longer exists or has decreased.

9. There are no parties which can be classified as small scale industries to whom the Company owes a sum exceeding ₹ 1 Lacs , which is outstanding for more than 30 days.

10. Balances in respect of some of the Debtors, Creditors, Loans and Advances are subject to confirmations.

11. **CENVAT:** Capital expenditure and raw materials have been taken at net value after adjusting CENVAT, wherever applicable as per guidelines issued by The Institute of Chartered Accountants of India.

12. **NOTE ON SECURITY FOR LOAN:**

- a) Working Capital loan is secured by way of:
- i. 1st pari-pasu charge on the current assets both present and future of the company.
 - ii. 2nd pari-pasu charge on the entire fixed assets both present and future of the company. Personal guarantee of Mr Saurabh K. Tayal, Chairman of the company.
- b) Term Loan is secured by way of :
- i. Term Loan of ₹14508.94 Lacs is Secured by 1st Charge over the Fixed Assets both Movable and Immovable assets of Textile division of the company and 2nd Charge over the entire current Assets of the company and Personal guarantee of Mr Saurabh K. Tayal, Chairman of the Company and Corporate guarantee of M/s Kalameshwar Textile Mills Ltd.(repayment ₹9618 Lacs previous year ₹8784.40Lacs).
 - ii. Term Loan of ₹28261 Lacs is Secured by 1st Mortgage Charge on the Shopping Mall at Empress city, Nagpur.

13. In the opinion of the Board, the Current Assets, Loans and Advances have a value on realization in the ordinary course of business, the provisions for all known liabilities are adequate and not in excess than reasonably necessary.

14. Additional Information under part II of schedule VI of Companies Act 1956

	2010-2011 (₹ in Lacs)	2009-2010 (₹ in Lacs)
a) Remuneration to Auditors		
Audit Fee	0.94	0.52
Tax Audit Fee	0.15	0.10
b) Remuneration to Managing Director	6.00	6.00

- c) Quantitative information in respect of Opening Stock, Purchases, Sales and Consumption of Raw Materials:-

	Particulars	2010-11		2009-10	
		Qty (Tonnes)	Value (Lacs)	Qty (Tonnes)	Value (Lacs)
1.	Op. Stock				
	Raw Material	12559.56	11977.23	7030.64	5853.04
	Stock In Process	1548.15	2076.51	1082.34	1467.15
	Finished Goods	3199.91	5369.83	4314.94	7321.74
2.	Cl. Stock				
	Raw Material	8499.73	12962.23	12559.56	11977.23
	Stock In Process	2106.63	3763.03	1548.15	2076.51
	Finished Goods	2437.29	5555.12	3199.91	5369.83
3.	Purchases	62996.45	95614.86	65545.38	75393.59
4.	Sales	59360.51	130601.28	55262.83	103153.77

KSL AND INDUSTRIES LIMITED

RAW MATERIAL CONSUMED

a) IMPORTED	NIL	NIL	NIL	NIL
b) INDIGENEOUS		100%	67606.80	100%
15. Particulars in respect of goods manufactured:				
		As at		As at
		31.03.2011		31.03.2010
		(In tones per annum)		
I. Licensed Capacity		N.A.		N.A.
II. Installed Capacity				
- Knitting division		25780		24500
- TFO Division		7000		7000
- Processing Division		25000		25000
- Spinning		67100		67100
- Garments		10 lacs pcs		10 lacs pcs
III. Actual Production (Tonnes)		—		46916.07
16. Expenditure in Foreign Currency : (₹Lacs)		2010-11		2009-10
a) Value of Imported capital goods on CIF		NIL		2141.32
b) Traveling Expenses		NIL		NIL
c) Remittance of dividend to NRIs AND FIIs		NIL		NIL
17. Foreign Currency Transaction:				
Foreign Currency Transaction are accounted for at the rate prevailing on the date transactions. Earning In Foreign Currency (Current Year) NIL Raised through FCCB for Textile Expansion which has been used for the said purpose mentioned in the offer document \$ 80 Million (Prev. year. \$ 80 Million) & interest payment of ₹705.27Lacs (Prev yr. 934.13 Lacs).				
18. Break-up Expenditure on employees who were in receipt of remuneration aggregating not less than ₹ 2400000/-, if employed throughout the year or not less than ₹ 200000/- p.m. if employed for part of the year.				
a) Employed throughout the year - Number of Employees		NIL		NIL
b) Employed for the part of the year-Number of Employees		NIL		NIL
19. Contingents liabilities for the period ended on 31st March, 2011 in respect of Bank Guarantees is ₹ 426.71 lacs.				
20. The Company has made an advance of ₹ 360 Lacs to National Textile Corporation Towards Joint venture in respect of Akola, Nanded, Dhule, Chalisgaon & Hinganghat Mills.				
21. Figures of previous year have been re-grouped/re-arranged wherever necessary to confirm to this years classification.				

Signature to schedule "1 to 19"

For A. F. KHASGIWALA & CO
Chartered Accountant

Sd/-

A. F. KHASGIWALA
Partner
Mem. No. 006491
Firm Regn. No.105114W

Place : Mumbai
Date : 28.04.2011

FOR AND ON BEHALF OF THE BOARD

Sd/-
Managing Director

Sd/-
Chairman

ANNUAL REPORT 2010-2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011.

Particulars	2010-2011 ₹ In Lacs	2009-2010 ₹ In Lacs
(A) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ACTIVITIES	70.69	528.97
Adjustments for Non Cash Charges Depreciation & amortisation	10088.02	9148.34
Other Income	0.00	-1104.49
OPERATION PROFIT BEFORE WORKING CAPITAL CHANGES	10158.72	8572.83
Adjustment for:		
Trade and other receivables	-3018.50	-2454.48
Inventories	-6097.05	-4463.11
Trade Payables	2042.29	-750.01
CASH GENERATED FROM OPERATIONS	3085.45	905.23
NET CASH FROM OPERATING ACTIVITIES	3085.45	905.23
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-2438.79	-14647.86
Sales of Fixed Assets	0.00	0.00
Purchase /Sale of Investments	0.00	-2045.00
Changes in Miscellaneous Expenditure	0.00	0.00
Loss on sale of Investment	0.00	0.00
Dividend and Income received	0.00	1104.49
NET CASH USED IN INVESTING ACTIVITIES	-2438.79	-15588.37
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Shares Capital (including Share Premium)	0.00	0.00
Total Amount From Borrowings (Net of Repayment)	-1166.38	9878.67
Share Application Money	0.00	0.00
Dividend paid (including tax on dividend)	-14.09	-471.11
NET CASH FROM FINANCING ACTIVITIES	-1180.47	9407.57
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(533.81)	(5275.57)
CASH AND CASH EQUIVALENTS (Opening Balance)	1284.84	6560.42
CASH AND CASH EQUIVALENTS (Closing Balance)	751.03	1284.84
	-533.81	-5275.58

FOR AND ON BEHALF OF THE BOARD OF DIRECTOR

Sd/-
Managing Director

Sd/-
Chairman

Auditors' Certificate

We have examined the attached Cash flow statement of **KSL AND INDUSTRIES LTD.** for the year ended 31st March, 2011. The statement has been prepared by the Company in accordance with the requirements of Listing Agreement Clause 32 with various Stock Exchanges and is based on and in agreement with corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of even date to the Members of the Company.

For A. F. KHASGIWALA & CO.
Chartered Accountants

Sd/-
A. F. KHASGIWALA
Partner
M. No. 006491
Firm Regn. No. 105114W

Place : Mumbai
Date : 28.04.2011

KSL AND INDUSTRIES LIMITED

ADDITIONAL INFORMATION UNDER PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT,1956.

Balance sheet Abstract and company's General Business Profile:

I. Registration Details

Registration No. : L17119DN1983PLC000074 State Code : 54
Balance sheet Date : 31.03.2011

II. Capital Raised during the year(₹ In Lacs)

Public Issue : Nil Right Issue : Nil
Bonus Issue : Nil Private Placement : NIL
Warrant Conversion : Nil

III. Position of Mobilisation and Development of Funds (Amount ₹ In Lacs)

Total Liabilities : 176441.16 Total Assets : 176441.16

Sources of Funds

Paid-up Capital 4026.73 Reserves & Surplus : 47051.62
Share Application Money 10000.00 Deffered Tax Liab : 2589.54
LoansFunds : 112,773.27

Application of Funds

Net Fixed Assets : 110874.20 Investments : 5311.95
Net Current Assets : 59420.77 Misc.Expenditure : 834.24

IV. Performance of Company (Amount ₹ In lacs)

Turnover & Other Income : 131520.35 Total Expenditure : 131449.65
Profit Before Tax : 70.69 Profit After Tax : -341.59
Earning Per Share : -0.34 Dividend Rate : NIL
(Re.)

V. Generic Names of Principal Products/Services of Company (As per monetary terms)

Item Code No.(ITC Code) : 60.-02
Product description : knitted Fabric

As per our report of even date attached

For and on behalf of the Board

For A. F. KHASGIWALA & Co.
Chartered Accountants

Sd/-
A. F. KHASGIWALA
Partner

Sd/-
Managing Director

Sd/-
Chairman

Mem. No. 6491
Firm Regn. No.105114W

Place : MUMBAI
Date : 28.04.2011

ANNUAL REPORT 2010-2011

CONSOLIDATED AUDITORS' REPORTS

To,
**THE MEMBERS OF
KSL AND INDUSTRIES LTD.**

We have examined the attached consolidated balance sheet of KSL and Industries Limited(the Company) and its subsidiaries which together constitute "the group" as at 31st March 2011, the consolidated Profit & Loss Account and the consolidated Cash Flow Statement of the group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also include, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. .We have also audited the financial statements of the subsidiaries namely Kalmeshwar Textile Mills Ltd, Reward Real Estate Limited & Actif Corporation Limited (formerly known as Deccan Mills Real estate and Infrastructure Ltd), whose financial statements reflect total assets of ₹4665.01 lakhs, ₹17672.81 lakhs and ₹41883.98 lakhs as at 31st March, 2011 and total revenues of ₹349.45lakhs, ₹232.51 Lacs and ₹40243.66 lakhs respectively for the period ended on that date.
3. We report that the consolidated financial statements have been prepared by the company, in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of KSL and Industries Limited and the separate audited accounts of subsidiaries which have been included in the consolidated financial statements.
4. On the basis of the information and explanation given to us and on the consideration of the separate audit reports on the individual audited financial statements of the KSL and Industries Limited and its subsidiaries, In our opinion the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a) In the case of the consolidated balance sheet, of the state of affairs of KSL and Industries Limited and its subsidiaries as at 31st March, 2011;
 - b) In the case of the consolidated profit and loss account, of the consolidated Profit for the year ended on that date.
 - c) In the case of the consolidated cash flow statement of the cash flow for the year ended on that date

**For A. F. KHASGIWALA & CO.
Chartered Accountants**

**Sd/-
A. F. KHASGIWALA
Partner
Membership No . 006491
Firm Regn. No.: 105114W**

**Place : Mumbai
Date : 28.04.2011**

KSL AND INDUSTRIES LIMITED

CONSOLIDATED BALANCE SHEET FOR YEAR ENDED AS AT 31ST MARCH, 2010

	SCH.	As on 31.03.2011 (₹ lacs)	As on 31.03.2010 (₹ lacs)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	8026.73	8026.73
	2	48605.98	48883.19
		<u>56632.71</u>	<u>56909.92</u>
Share Application Money		10000.00	10000.00
Deferred Tax Liability		3669.69	3148.81
Minority Interest		1702.68	1890.07
LOAN FUNDS	3	160293.63	161752.49
Total		<u>232298.71</u>	<u>233701.29</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	182169.18	180591.20
Less: Depreciation		45235.47	31692.77
		<u>136933.72</u>	<u>148898.43</u>
Capital work in progress		7083.71	5198.17
Net Block		144017.43	154096.60
INVESTMENTS	5	256.95	256.95
GOODWILL		663.43	663.43
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	6	52244.89	42557.46
Sundry Debtors	7	33526.33	28876.30
Cash & Bank Balances	8	817.30	1421.46
Loans & Advances	9	10374.69	10070.15
		<u>96963.22</u>	<u>82925.37</u>
Less: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	10	10322.39	5021.66
Provisions	11	116.91	195.62
		<u>10439.30</u>	<u>5217.28</u>
NET CURRENT ASSETS		86523.92	77708.09
MISCELLANEOUS EXPENDITURE (To the extent not adjusted or written off)	12	836.99	976.22
Total		<u>232298.71</u>	<u>233701.29</u>
NOTES ON ACCOUNTS	19		

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

For A. F. KHASGIWALA & CO.
Chartered Accountants

Sd/-
A. F. KHASGIWALA
Partner
M. No. 006491
Firm Regn. No. 105114W

Sd/-
Managing Director

Sd/-
Chairman

Place : Mumbai
Date : 28.04.2011

ANNUAL REPORT 2010-2011

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR PERIOD ENDED 31ST MARCH, 2011.

	Schedule	As on 31.03.2011 (₹ lacs)	As on 31.03.2010 (₹ lacs)
INCOME			
Sales & Income From Operations	13	175908.06	145467.18
Other Income	14	0.00	1104.49
Increase in stock of finished goods		837.27	(2023.50)
	Total	176745.33	144548.17
EXPENDITURE			
Raw Materials Consumed	15	125384.20	98178.12
Manufacturing Expenses	16	21512.58	19456.22
Interest & Finance Charges	17	10918.21	9056.54
Selling & Administrative Expenses	18	5056.80	4305.64
Depreciation		13542.70	12457.95
Miscellaneous Expenditure written off		139.23	139.24
	Total	176553.71	143593.69
PROFIT BEFORE TAX		191.62	954.48
Provision for Taxation		51.68	194.86
Less:-short provision for tax in earlier year		83.65	0.00
Deferred tax Liability		520.88	400.13
Add: Minority Shareholders Share in Loss		187.39	167.97
PROFIT FOR THE YEAR		(277.20)	527.46
Add.: Balance brought forward from Last Year		18215.33	17687.87
	Total	17938.12	18215.33
AMOUNT AVAILABLE FOR APPROPRIATION		17938.12	18215.33
APPROPRIATIONS			
Transfer to General Reserve		0.00	0.00
Proposed Dividend		0.00	0.00
Tax on Dividend		0.00	0.00
Balance Carried to Balance Sheet		17938.12	18215.33
	Total	17938.12	18215.33
NOTES ON ACCOUNTS	19		
BASIC/DILUTED EARNING PER SHARE		(0.28)	0.52

AS PER OUR REPORT OF EVEN DATE ATTACHED FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

For A. F. KHASGIWALA & CO.
Chartered Accountants

Sd/-
A. F. KHASGIWALA
Partner
M. No. 006491
Firm Regn. No. 105114W

Sd/-
Managing Director

Sd/-
Chairman

Place : Mumbai
Date : 28.04.2011

KSL AND INDUSTRIES LIMITED

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31 ST MARCH, 2011.

	As on 31.03.2011 (₹ lacs)	As on 31.03.2010 (₹ lacs)
SCHEDULE '1'		
SHARE CAPITAL		
Authorised		
250000000 Equity Shares of ₹ 4/- Each (Previous year 100000000 Equity Shares of ₹ 10/- Each)	10000.00	10000.00
5000000 Preference Shares of ₹ 10/- Each. (Previous year 5000000 Pref. Shares of ₹ 10/- Each)	500.00	500.00
4000000 Redeemable Preference Shares of ₹ 100/- each (of Subsidiary Company)	<u>4000.00</u>	<u>4000.00</u>
Issued, Subscribed and Paid-Up		
100668325 Equity Shares of ₹ 4/-each fully paid up (Previous year 100668325 Equity Shares of ₹ 4/- Each)	4026.73	4026.73
4000000 Redeemable Preference Shares of ₹ 100/- each (of Subsidiary Company)	<u>4000.00</u>	<u>4000.00</u>
	<u><u>8026.73</u></u>	<u><u>8026.73</u></u>
SCHEDULE '2'		
RESERVES & SURPLUS		
General Reserve		
Balance As per Last Balance Sheet	5527.48	5527.48
Add.: Transfer from P&L A/c	<u>0.00</u>	<u>0.00</u>
	5527.48	5527.48
Share Premium Account		
As per Last Balance Sheet	25136.62	25136.62
Add : Issue of shares	<u>0.00</u>	<u>0.00</u>
	25136.62	25136.62
Capital Reserve	3.76	3.76
Profit and Loss Account Surplus	<u>17938.12</u>	<u>18215.33</u>
Total	<u><u>48605.98</u></u>	<u><u>48883.19</u></u>
SCHEDULE '3'		
LOAN FUNDS		
SECURED LOANS		
Working Capital Loan	29879.12	25346.79
Term Loan	57552.12	63436.29
ECB Loan	1155.14	1155.14
Interest accrued & due	745.46	852.48
Other Loans	<u>1.99</u>	<u>1.99</u>
TOTAL (A)	<u><u>89333.82</u></u>	<u><u>90792.69</u></u>
UNSECURED LOANS		
From FCCB	30474.16	30474.16
from Corporate	40236.96	40236.96
Interest accrued but not due	<u>248.68</u>	<u>248.68</u>
TOTAL (B)	<u><u>70959.80</u></u>	<u><u>70959.80</u></u>
TOTAL (A)+(B)	<u><u>160293.63</u></u>	<u><u>161752.49</u></u>

ANNUAL REPORT 2010-2011

SCHEDULE : 4 : FIXED ASSETS AS ON 31st MARCH, 2011

(₹ in lacs)

SR NO	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As On 01-04-2010	ADDI- TION	DEDU- CTION	AS ON 31.3.2011	AS ON 01-04-2010	WRITTEN BACK	DURING THE PERIOD	UPTO 31.03.11	AS ON 31.03.11	AS ON 31-03-2010
1	Land & building	31350.12	0.00	950.55	30399.57	629.11	0.00	720.01	1349.11	29050.45	30721.01
2	Land & Site Development	4312.89	0.00	0.00	4312.89	0.00	0.00	0.00	0.00	4312.89	4312.89
3	Building	30059.87	171.36	0.00	30231.23	2354.70	0.00	1000.02	3354.72	26876.51	27705.18
4	Development property	15.51	0.00	0.00	15.51	4.32	0.00	0.25	4.58	10.93	11.19
5	Plant & Machinery	112477.92	2329.11	0.00	114807.03	28245.13	0.00	11690.76	39935.89	74871.14	84232.79
6	Electric Installation	955.71	3.00	0.00	958.71	86.30	0.00	45.48	131.78	826.93	869.41
7	Furniture & Fixtures	371.94	11.97	0.00	383.92	124.53	0.00	23.28	147.82	236.10	247.41
8	Air Conditioner	151.92	7.78	0.00	159.70	35.35	0.00	9.74	45.09	114.61	116.56
9	Office Equipment	738.30	5.32	0.00	743.62	77.35	0.00	46.59	123.94	619.67	660.94
10	Computers	85.08	0.00	0.00	85.08	84.44	0.00	0.32	84.76	0.32	0.65
11	Vehicle	71.95	0.00	0.00	71.95	51.54	0.00	6.24	57.79	14.16	20.40
	Total	180591.20	2528.54	950.55	182169.18	31692.77	0.00	13542.70	45235.47	136933.72	148898.43
	Capital Work in Porgress	5198.18	4411.41	2525.89	7083.71	0.00	0.00	0.00	0.00	7083.71	5198.18
	Total	185789.37	6939.95	3476.44	189252.90	31692.77	0.00	13542.70	45235.47	144017.43	154096.60
	Previous Year	170218.72	34613.42	19042.77	185789.37	19234.82	0.00	12457.95	31692.77	154096.60	150983.89

		As on 31.03.2011 (₹ in lacs)		As on 31.03.2010 (₹ in lacs)
SCHEDULE '5'				
INVESTMENTS(Long term Investment)Trade	No of Shares		No of Shares	
A. Quoted Shares				
Asahi Fibres Ltd of ₹1/each fully paid up	16000000	160.00	16000000	160.00
B. Unquoted Shares				
In Subsidiary Companies				
Actif Corpn Ltd of Rs10 each fully paid up.	49994	0	49994	0
Reward Real Estate Ltd of ₹10each fully paid up	29997500	0	29997500	0
Kalmeshwar Textiles Mills Ltd of ₹10each fully paid up	1641598	0	1641598	0
In others				
Mori Hanol Hydro-power Ltd of ₹10each fully paid up	499996	50.00	499996	50.00
Tayal Energy Ltd of ₹10each fully paid up	469500	46.95	469500	46.95
		256.95		256.95
Aggregate Book Value of Quoted Investments		160.00		160.00
Aggregate Market Value of Quoted Investments		0		0

SCHEDULE '6' INVENTORIES

(At Cost or Market Value whichever is lower,
as Valued and Certified by Management)

For Constructin project/Real Estate	20505.41	16501.28
Raw Materials	20001.89	17155.34
Finished Goods	6949.73	6112.46
work in-Progress	4653.76	2669.77
Consumables	134.10	118.61
	52244.89	42557.46

SCHEDULE '7' SUNDRY DEBTORS

(Unsecured and considered good)

Over Six Months	45.81	37.12
Less than Six Month	33480.53	28839.17
	33526.33	28876.30

KSL AND INDUSTRIES LIMITED

	As on 31.03.2011 (₹ in lacs)	As on 31.03.2010 (₹ in lacs)
SCHEDULE '8'		
CASH AND BANK BALANCES		
Cash on Hand	33.45	24.66
Balances with Banks :	154.23	102.81
In Fixed Deposits/Margin money	629.62	1293.99
	<u>817.30</u>	<u>1421.46</u>
SCHEDULE '9'		
LOANS AND ADVANCES		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	9771.49	9429.24
Security Deposits	0.32	0.32
Subsidy Receivable	602.88	640.59
	<u>10374.69</u>	<u>10070.15</u>
SCHEDULE '10'		
CURRENT LIABILITIES		
Sundry Creditors	1197.50	548.59
Other Liabilities	9124.89	4473.07
	<u>10322.39</u>	<u>5021.66</u>
SCHEDULE '11'		
PROVISIONS		
Provision for Taxation	116.91	195.62
	<u>116.91</u>	<u>195.62</u>
SCHEDULE '12'		
MISCELLANEOUS EXPENDITURE		
(To the extent not adjusted or written off)		
Balance as per Last Balance Sheet	976.22	1115.46
Less : Written off during the year	139.23	139.24
	<u>836.99</u>	<u>976.22</u>
SCHEDULE '13'		
SALES		
Sales	174966.87	143812.23
Income from operation	941.19	1654.95
	<u>175908.06</u>	<u>145467.18</u>
SCHEDULE '14'		
OTHER INCOME		
Profit on Buy back of part FCCB	0.00	1104.49
	<u>0.00</u>	<u>1104.49</u>
SCHEDULE '15'		
MATERIALS AND GOODS CONSUMED		
Raw Materials		
Opening stock	17155.34	6872.29
– Raw Materials	2669.77	2093.18
– Work-In-Progress		
	<u>19825.11</u>	8965.47
Add: Purchases	130214.74	109037.76
	<u>150039.85</u>	118003.23
Less : Closing stock	20001.89	17155.34
– Raw Materials	4653.76	2669.77
– Work-In-Progress		
	<u>24655.65</u>	19825.11
	<u>125384.20</u>	<u>98178.12</u>
Increase in stock of Finished goods		
– Closing Stock	6949.73	6112.46
– Opening Stock	6112.46	8135.97
	<u>837.27</u>	<u>(2023.50)</u>

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SCHEDULES FORMING PART OF CONSOLIDATE PROFIT & LOSS ACCOUNT YEAR ENDED ON 31STMARCH, 2011.

	As on 31.03.2011 (₹ In Lacs)	As on 31.03.2010 (₹ In Lacs)
SCHEDULE '16'		
MANUFACTURING EXPENSES		
Power & Fuel	11250.86	10157.94
Stores, Chemicals and Packing Materials	2705.19	2304.52
Labour Charges	6436.85	5925.49
Processing/Jobwork Charges	103.36	131.63
Repairs & Maintenance	491.02	472.80
Water Charges	108.42	89.17
Freight Charges	231.40	190.45
Loading & Unloading Expenses	185.48	184.22
	21512.58	19456.22
SCHEDULE '17'		
INTEREST & FINANCE CHARGES		
Interest	10769.10	9017.48
Finance & Bank Charges	149.11	39.06
	10918.21	9056.54
SCHEDULE '18'		
SELLING & ADMINISTRATIVE EXPENSES		
Discount & Brokerage, commission	1049.69	987.15
Sales Promotion Expenses	47.30	35.50
Transportation Charges	218.40	202.47
Insurance Charges	85.29	108.53
Rent, Rates and Taxes	77.08	66.26
Traveling & Conveyance	287.71	238.30
Auditors Remuneration	2.21	1.12
Telephone Charges	181.65	139.43
Postage & Telegram	146.00	140.34
Printing & Stationery	278.17	261.26
Salary & Staff Welfare	975.29	746.70
Directors' Remuneration	6.00	6.00
Directors' Sitting Fees	3.88	2.84
Legal, Professional & Consultancy Charges	105.07	229.42
Charity & Donation	0.45	1.00
General Charges	251.48	205.42
Electricity Charges	216.89	218.11
Repairs and Maintenance	55.23	51.14
Advertisement Expenses	705.60	396.89
Profession Tax	0.05	0.05
Motor Car Expenses	58.95	43.68
Security charges	86.98	63.00
Services Charges	29.50	24.27
Listing Fees	0.50	0.50
Registration & Filing Fees	46.58	46.91
Office Exp.	140.85	89.35
TOTAL	5056.80	4305.64

KSL AND INDUSTRIES LIMITED

Consolidated Financial Statements as on 31.03.2011

SCHEDULE '19'

SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

1. a. **ACCOUNTING CONVENTION & CONCEPTS:**

The financial statements have been prepared under the historical cost convention on an accrual basis and accordance with applicable mandatory Accounting Standard.

b. **PRINCIPLE OF CONSOLIDATION:**

- i) The consolidated financial statements have been prepared in accordance with Accounting Standard 21 (AS-21) issued by the Institute of Chartered Accountants of India. The consolidated financial statements have been prepared on the following basis:
- ii) The financial statement of KSL and Industries Limited And its subsidiary companies have been consolidated on a line-by line basis by adding together the book values of like items of assets, liabilities, Income and expenses, after fully eliminating intra-group balances and intra-group transaction and are presented to the extent possible in the same manner as the company's separate financial statement
- iii) Notes on Accounts of the financial statement of the company and all the subsidiaries are set out in their respective financial statement
- iv) Actif Corporation Ltd (formerly known as Deccan Mill & infrastature Ltd was 100% subsidiary of the company) However Actif Corporation Ltd ceased to be a subsidiary company on account of dilution of company 's share holding in Actif corporation Ltd due to further issue of equity shares capital by the said company. Later Actif corporation Ltd accerere became subsidiary company on account of control on the constitution of the Board of Directors of Actif corporation Ltd by the company . Since the company's share holding in Actif corporation Ltd is only 0.16% of the paid up capital of the Actif corporation Ltd ,In consolidated statements the said subsidiaries has been excluded.

c. **FIXED ASSETS:**

Fixed Assets are stated at cost less depreciation. The cost comprises the purchase price and other attributable costs.

d. **DEPRECIATION:**

Depreciation on fixed assets has been provided on Straight Line method at the rates prescribed in Schedule XIV to the Companies (Amendment) Act 1988 read with Section 205(2) (b) of the said Act on pro-rata basis uniformly in respect of all assets.

e. **INVENTORIES:**

Finished goods are valued at the lower of cost or net realisable value. Value of Stock-in-process is determined considering cost of material, labour and related overheads. Raw material and Consumables are valued at cost or market value, whichever is lower

NOTES ON ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT:

1. The subsidiary companies considered in the consolidated financial statements are as under:

Name of the company	Country of Incorporation	% shareholding & Voting power
Kalameshwar Textile Mills Ltd.	India	100%
Reward Real Estate Company Ltd.	India	100%
Actif Corporation Ltd	India	U/s 4(1)(a)

2. **EARNING PER SHARE:**

Basic and Diluted Earnings per Share is calculated as under:

	31.03.2011	31.03.2010
a. Net Profit available for Equity shareholder (₹in lacs)	(277.20)	527.46
b. Weighted average Number of Equity shares (nos.)	100668325	100668325
c. Basic and diluted Earning per share (₹) (Face value ₹4 each)	0.28	0.52

3. **Note on Security for Term Loan :**

- a) Working Capital loan is secured by way of:
 - i. 1st pari-pasu charge on the current assets both present and future of the company.
 - ii. 2nd pari-pasu charge on the entire fixed assets both present and future of the company. Personal guarantee of Mr Saurabh K. Tayal, Chairman of the company

ANNUAL REPORT 2010-2011

- b) Term Loan is secured by way of :
- i. Term Loan of ₹18553.74 Lacs is Secured by 1st Charge over the Fixed Assets both Movable and Immovable assets of Textile division of the company and 2nd Charge over the entire current Assets of the company and Personal guarantee of Mr Saurabh K. Tayal, Chairman of the Company and Corporate guarantee of M/s Kalameshwar Textile Mills Ltd.(repayment 8784.40Lacs previous year ₹8784.40Lacs)
 - ii. Term Loan of ₹26700 Lacs is Secured by 1st Mortgage Charge on the Shopping Mall at Empress city, Nagpur
4. The company has Two business segment namely "Textiles & "Real Estate, and others hence segment reporting as required under AS-17 issued by ICAI and made mandatory w.e.f. 1/04/2001 for certain business enterprises is applicable in case of company. The Segment wise details are as under :

Sr. No.	Particulars	Year Ended 31st March, 2011 Audited	Year Ended 31st March, 2010 Audited
1.	Segment Revenue		
	Real-Estate	941.19	1654.95
	Textile	174966.87	143812.23
	Total	<u>175908.06</u>	<u>145467.18</u>
2.	Segment Results		
	Real-Estate	(3490.24)	(2981.50)
	Textile	3681.86	3935.96
	Profit Before Tax	191.62	954.46
	Less :		
	Provision for taxation	51.68	194.87
	Provision for taxation for earlier year	83.65	—
	Deferred tax liabilities.	520.88	400.13
	Total Profit After Tax	<u>464.59</u>	<u>359.46</u>
3.	Capital Employed		
	Real-Estate	49555.86	48393.88
	Textile	181905.87	184331.19
	Total	<u>231461.73</u>	<u>232725.07</u>

5. Figures of previous year have been re-grouped/re-arranged wherever necessary.

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

For A. F. KHASGIWALA & CO.
Chartered Accountants

Sd/-
(A. F. KHASGIWALA)
Partner
Membership No. 006491
Firm Regn. No. 105114W

Sd/-
Managing Director

Sd/-
Chairman

Place : Mumbai
Date : 28.04.2011

KSL AND INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011.

Particulars	2010-11 (₹ lacs)	2009-10 (₹ lacs)
(A) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ACTIVITIES	191.62	954.48
Adjustments for Non Cash Charges	0.00	0.00
Depreciation & amortisation	13681.93	12597.19
Loss on Discard/sale of Fixed Assets	0.00	0.00
Other Income	0.00	(1104.49)
OPERATION PROFIT BEFORE WORKING CAPITAL CHANGES	13873.55	12447.18
Adjustment for:		
Trade and other receivables	(4954.58)	(6669.37)
Inventories	(9687.44)	(10026.79)
Trade Payables	5300.74	(1537.02)
CASH GENERATED FROM OPERATIONS	4532.27	(5786.00)
Direct taxes paid	214.03	414.98
NET CASH FROM OPERATING ACTIVITIES	4318.24	(6200.98)
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(3463.53)	(15570.65)
Purchase / Sales of Investments	0.00	(45.00)
Increase in Capital WIP	0.00	0.00
Increase / Decrease in Miscellaneous Expenditure	0.00	0.00
Dividend and Income received	0.00	1104.49
NET CASH USED IN INVESTING ACTIVITIES	(3463.53)	(14511.16)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Shares Capital (including Share Premium)	0.00	0.00
Total Proceedings From Borrowings (Net Of Repayment)	(1458.86)	15766.72
Share Application Money	0.00	0.00
Dividend paid (including tax on dividend)	0.00	(471.11)
NET CASH FROM FINANCING ACTIVITIES	(1458.86)	15295.61
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(604.16)	(5416.53)
CASH AND CASH EQUIVALENTS (Opening Balance)	1421.46	6837.99
CASH AND CASH EQUIVALENTS (Closing Balance)	817.30	1421.46

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
Managing Director

Sd/-
Chairman

Auditors Certificate

We have examined the attached Cash flow statement of **KSL AND INDUSTRIES LTD.** for the year ended 31st March,2011. The statement has been prepared by the Company in accordance with the requirements of Listing Agreement Clause 32 with various Stock Exchanges and is based on and in agreement with corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of even date to the Members of the Company.

For **A. F. KHASGIWALA & CO.**
Chartered Accountants

Sd/-
(A. F. KHASGIWALA)
Partner
Membership No. 006491
Firm Regn. No. 105114W

Place : Mumbai
Date : 28.4.2011

KSL AND INDUSTRIES LIMITED

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES FOR FINANCIAL YEAR 2010-11.

Name of the Subsidiary Company	Kalmeshwar Textiles Mills Ltd.	Reward Real Estate Company Ltd.	ACTIF CORPN LTD (Formerly Known Deccan Mills Real estate & infrastructure Ltd
Financial Year of the Subsidiary Company	31st March, 2011	31st March, 2011	31st March, 2011
Date from which they became Subsidiary Company the subsidiary company:	19th November, 2003	20th April, 2005	6th June, 2006
(a) Number of shares held by "KSL and Industries Ltd." with its nominees in the subsidiary at the end of the financial year of the Company	1641598 Eq.sh.of ₹100/-each.	29997500 Eq.sh.of ₹10/-each.	49994 Eq, sh. of ₹10/-each.
(b) Extent of Interest of holding company at the end of the financial year of subsidiary Company	100%	100%	0.16%
DETAILS OF SUBSIDIARY COMPANY	(₹ In Lacs)	(₹ In Lacs)	(₹ In Lacs)
Capital	1649.94	3000.00	7125.72
Reserve	3013.08	1336.31	1248.28
Total Assets	4665.01	17736.31	45073.37
Total Liabilities	4665.01	17736.31	45073.37
Details of Investment	0.00	0.00	0.00
Total Income	460.49	201.17	44563.32
Profit (Loss) Before Taxation	0.80	95.96	24.15
Provision for taxation	0.16	32.62	4.81
Profit (Loss) after Taxation	1.23	63.44	(187.69)

NOTES:

Annual Accounts of the subsidiary companies and the related detailed information shall be made available to shareholders of the holding and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be kept for inspection by any shareholders in the head office of the holding company and of the subsidiary companies concerned.

ATTENDANCE SLIP
KSL AND INDUSTRIES LIMITED

(Formerly known as Krishna Lifestyle Technologies Limited)
Registered Office: Plot No. 69, Danu Udyog Industrial Area, Piperia, Silvassa (U.T.)
(Please complete this slip and hand it over at the entrance of the Meeting Hall)

29TH ANNUAL GENERAL MEETING

Member's Name (in capital letters)

Regd. Folio No. No. of Shares held

DP. ID*	
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Client ID*	
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I hereby record my presence at the 29th Annual General Meeting of the Members of the Company being held on Saturday, 9th July, 2011, at 12.30 a.m. 65, Krishna Nagar, Samarvani, Silvassa, (U.T.).

.....
Signature of the Shareholder or Proxy

* Applicable for investors holding shares in electronic form.

----- CUT HERE -----

PROXY FORM
KSL AND INDUSTRIES LIMITED

(Formerly known as Krishna Lifestyle Technologies Limited)
Registered Office: Plot No.69, Danu Udyog Industrial Area, Piperia, Silvassa (U.T.)

DP. ID*	
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Regd. Folio No.	
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Client ID*	
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I/We
of being a Member/Members of the Company, hereby
appoint of..... in
the District of or failing him
.....of in the District of

as my/our Proxy to vote for me/us on my/our behalf at the Twenty Ninth Annual General Meeting of the Company to be held on Saturday, 9th July 2011 at 12.30 p.m. of at any adjournment thereof.

Signed this Day of 2011

* Applicable for investors holding shares in electronic form.

Affix Re.1/- Revenue Stamp

Note: The Proxy form duly completed and signed must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.